



## LEGISLATIVE HISTORY SHEET

**File No.** 120-78-1

Ordinance, Resolution, etc. Ordinance

**Subject:** Pertaining to rate of real estate transfer tax.

(1) Initially introduced by or received from: Supv Milk in Brd

Date: 4/3/78

(2) Referred by President to Committee on: Finance

Date: 4/3/78

(3) Other disposition:

On Board Emergency Calendar of \_\_\_\_\_

Scheduled for public hearing on \_\_\_\_\_

**Record of Board and Committee Actions:**

MAY 10 1978 Amended; recommend "Do Not Pass"; Amendments as follows:

Pg. 1, line 4 after "residential real estate" DELETE  
remainder of title.

Pg. 2, line 7 after "2A", delete remainder of sentence.

Lines 15 thru 25 DELETE.

Line 26 , DELETE "those profits" and SUBSTITUTE "the gross profit".

Page 3, line 1 after "residential real estate" DELETE

remainder of sentence, and SUBSTITUTE "after three years or less."

~~Lines 9 thru 13 up to "residential real estate;" DELETE.~~

Line 15 after "permit duly issued;" DELETE; line 16 DELETE

~~Page 4, line 9, ADD "eighty (80%)"~~

Line 11, DELETE "two" years and SUBSTITUTE "three" years;

Line 12 ADD "sixty (60%)"

Lines 14 thru 21 DELETE

MAY 15 1978      CONSIDERATION CONTINUED TO      5-22-78

MAY 22 1978 CONSIDERATION CONTINUED TO 5-30-78

May 30, 1978      Refused passage for second reading as amended.

FILE NO. 120-78-1

1 AMENDING ORDINANCE NO. 315-67 (REAL PROPERTY TRANSFER TAX  
2 ORDINANCE) SO AS TO IMPOSE, IN ADDITION TO EXISTING TRANSFER  
3 TAXES, A TRANSFER TAX ON SHORT TERM/SPECULATIVE PROFITS FROM THE  
4 SALE OF RESIDENTIAL REAL ESTATE, ~~WHERE SUCH PROFITS EXCEED THE~~  
5 ~~RATE OF INFLATION AS MEASURED BY THE CONSUMER PRICE INDEX.~~

6  
7 Be it ordained by the People of the City and County of San  
8 Francisco:

9  
10 Section 1. Ordinance No. 315-67 (Real Property Transfer Tax  
11 Ordinance) is hereby amended to read as follows:

12  
13 Section 1. Short Title.

14 This ordinance shall be known as the "Real Property  
15 Transfer Tax Ordinance."

16 Section 2. Tax Imposed.

17 There is hereby imposed on each deed, instrument or  
18 writing by which any lands, tenements, or other realty sold  
19 within the City and County of San Francisco shall be granted,  
20 assigned, transferred or otherwise conveyed to, or vested in, the  
21 purchaser or purchasers, or any other person or persons, by his  
22 or their direction, when the consideration of value of the  
23 interest or property conveyed (exclusive of the value of any lien  
24 or encumbrances remaining thereon at the time of sale) exceeds  
25 one hundred dollars (\$100), a tax at the rate of two dollars and  
26 fifty cents (\$2.50) for each five hundred dollars (\$500) or

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1 fractional part thereof.  
2 Residential Real Estate  
3 Section 2A. Surtax on Speculative Profits.

4 (a) In addition to the transfer tax imposed under  
5 Section 2, there is hereby imposed a transfer tax on short-term  
6 residential real estate  
7 speculative profits, if any, from the sale of residential real  
8 estate, at the rate set forth in subparagraph (c) of this Section  
9 2A.  
10 ~~2A, where such profits exceed appreciation consistent with the~~  
11 ~~rate of inflation as measured by the Consumer Price Index.~~

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12 (b) As used in this Section 2A, the following terms  
13 shall have the following meanings:

14 (i) Residential real estate shall mean any improved  
15 real property which either (1) actually is utilized for  
16 residential purposes, either in whole or in part, or (2) is  
17 intended for use as a residence, either in whole or in part.

18 ~~(ii) Consumer Price Index shall mean the National~~  
19 ~~Consumer Price Index for Urban Wage Earners and Clerical~~  
20 ~~Workers. In computing the percentage increase, if any,~~  
21 ~~between the Consumer Price Index for the month in which the~~  
22 ~~transferror acquired real property and the Consumer Price~~  
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24 ~~property, the Unrevised Consumer Price Index for Urban Wage~~  
25 ~~Earners and Clerical Workers shall be utilized for dates~~  
26 ~~prior to January 1, 1978, and the Revised Consumer Price~~  
27 ~~Index for Urban Wage Earners and Clerical Workers shall be~~  
28 ~~utilized for dates on or after January 1, 1978.~~

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29 Residential real estate the gross profit  
30 (iii) Speculative profits shall mean ~~those profits~~

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after three years or  
1 from the sale of residential real estate ~~in excess of~~  
less.  
2 ~~appreciation consistent with the rate of inflation generally~~ Residential real estate  
10/78 ah 3 ~~as measured by the Consumer Price Index.~~ Speculative profits  
4 shall be computed by subtracting from the gross sales price  
5 of residential real estate (without deduction for brokers'  
6 commissions or other closing costs) the sum total of the  
7 following: The transferror's original cost or other basis  
8 for said property without any deduction for depreciation;  
9 ~~plus a percentage thereof equal to the increase, if any,~~  
/10/78 ah 10 ~~between the Consumer Price Index for the month in which the~~  
11 ~~transferror acquired said residential real estate, and the~~  
12 ~~Consumer Price Index for the month in which the transferror~~  
13 ~~sold said residential real estate;~~ plus the cost of all  
14 improvements made to the subject property, provided that they  
15 were made pursuant to a permit duly issued; ~~and were required~~  
5/10/78 ah 16 ~~by applicable Codes of the City and County of San Francisco;~~  
17 plus the cost of all work which relates to the improvement of  
18 building insulation on the real property subject to the tax,  
19 and the cost of all work which relates to and includes the  
20 installation of energy and/or utility systems on the subject  
21 real property which serve as an alternative or a complement  
22 to utilities delivered by private sources, and which have  
23 been installed as integral parts of the utility system of  
24 that subject property; provided, however, that whenever an  
25 increase in basis because of the cost of an improvement is  
26 claimed under this Section for residential rental property,

1 the person claiming such increase in basis must demonstrate  
2 that any increase in rent which may have occurred during his  
3 or her ownership of the property has not already compensated  
4 for the costs of improvement.

5 (c) The rate of tax on <sup>residential real estate</sup> ~~speculative~~ profits shall be as  
6 follows:

7 (i) Whenever the sale occurs within one year after the  
8 transferror acquired said residential real property, the tax  
5/10/78 shall be eighty percent (80%) of speculative profits.  
AH<sup>9</sup>

10 (ii) Whenever the sale occurs more than one year, but  
11 <sup>three</sup> within ~~two~~ years, of the date the transferror acquired said  
5/10/78 property, the rate of tax shall be sixty percent (60%) of  
ah<sup>12</sup> residential real estate  
13 ~~speculative~~ profits.

14 ~~(iii) Whenever the sale occurs more than two years~~  
15 ~~but within four years, of the date the transferror acquired~~  
16 ~~said property, the rate of tax shall be \_\_\_\_\_ percent (\_\_\_\_%)~~  
5/10/78 ~~of speculative profits.~~  
ah<sup>17</sup>

18 (iv) Whenever the sale occurs more than four years,  
19 but within five years, of the date the transferror acquired  
20 said property, the rate of tax shall be \_\_\_\_\_ percent (\_\_\_\_%)  
21 ~~of speculative profits.~~

22 (d) The surtax on <sup>residential real estate</sup> ~~speculative~~ profits shall not apply to:

23 (i) Any sale of property which occurs on or after the  
24 sixty-second birthday of the seller, which is the principal  
25 residence of the seller, and which consists of 3 units or  
26 less; or

(ii) Any sale of residential property which was acquired by the seller as unimproved residential property devoid of any residential structures, notwithstanding the fact that the property be zoned or defined residential.

(iii) Any sale of property which qualified the owner/transferror for a homeowner's exemption from the property tax under the laws of the State of California.

Section 3. Payment of Tax.

Any tax imposed pursuant to Section 2 hereof shall be paid by any person who makes, signs or issues any document or instrument subject to the tax, or for whose use or benefit the same is made, signed or issued. The party liable for the tax herein is the transferror of the residential real property sold or exchanged.

Section 4. Instrument to Secure Debt.

Any tax imposed pursuant to this ordinance shall not apply to any instrument in writing given to secure a debt.

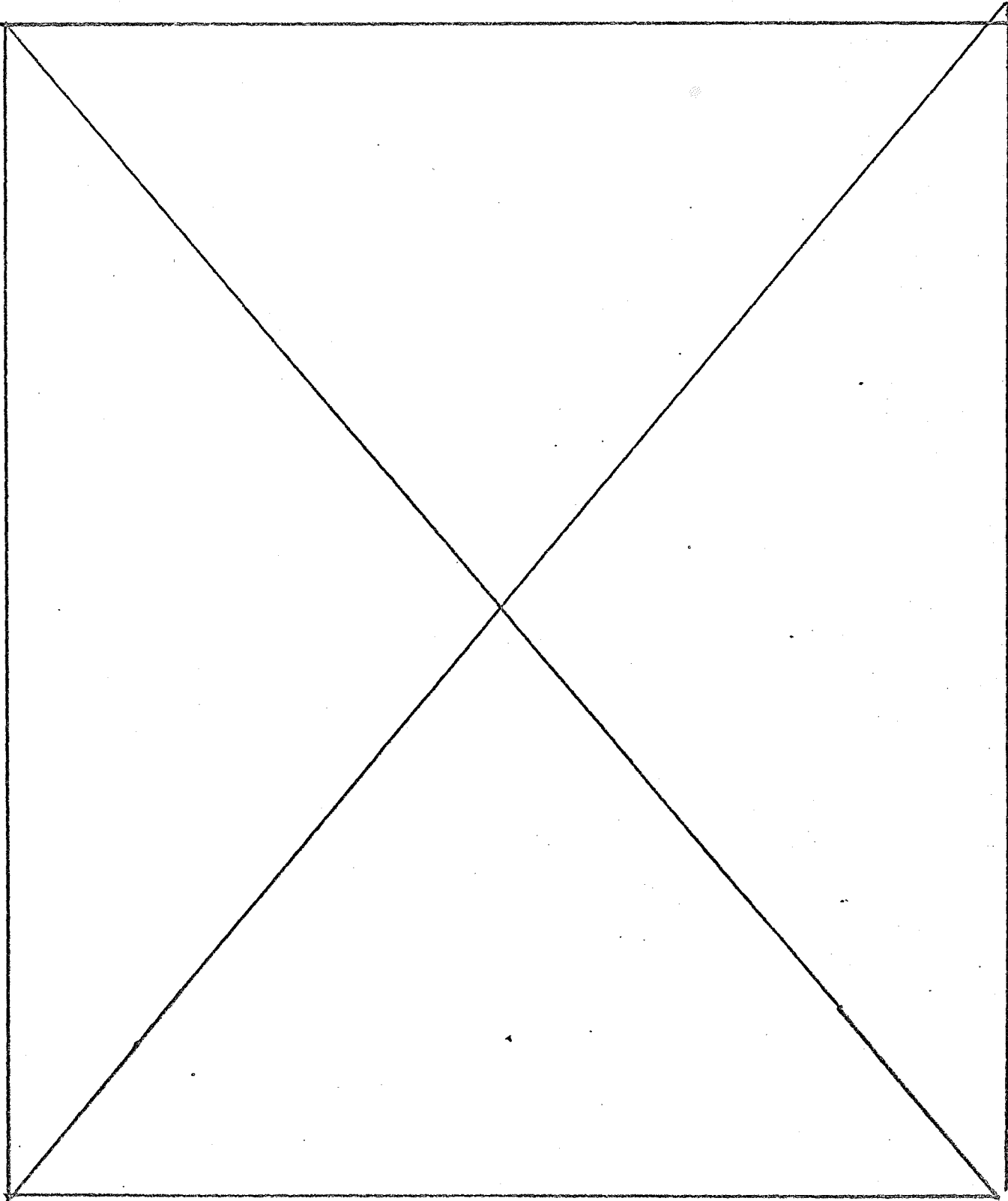
Section 5. Exemptions.

Any deed, instrument or writing to which the United States or any agency or instrumentality thereof, any state or territory, or political subdivision thereof, is a party shall be exempt from any tax imposed pursuant to this ordinance when the exempt agency is acquiring title, but the other party or parties to the transfer shall remain liable for payment of the tax.

Section 6. Exceptions.

Any tax imposed pursuant to this ordinance shall not

apply to the making, delivering or filing of conveyances to make effective any plan of reorganization or adjustment:



1 (a) Confirmed under the Federal Bankruptcy Act, as  
2 amended;

3 (b) Approved in an equity receivership proceeding in a  
4 court involving a railroad corporation, as defined in subdivision  
5 (m) of Section 205 of Title 11 of the United States Code, as  
6 amended;

7 (c) Approved in an equity receivership proceeding in a  
8 court involving a corporation, as defined in subdivision (3) of  
9 Section 506 of Title 11 of the United States Code, as amended; or

10 (d) Whereby a mere change in identity, form or place of  
11 organization is effected.

12 Subdivisions (a) to (d), inclusive, of this section  
13 shall only apply if the making, delivery or filing of instruments  
14 of transfer or conveyances occurs within five years from the date  
15 of such confirmation, approval or change.

16 Section 7. Orders of Securities and Exchange Commission.

17 Any tax imposed pursuant to this ordinance shall not  
18 apply to the making or delivery of conveyances to make effective  
19 any order of the Securities & Exchange Commission, as defined in  
20 subdivision (a) of Section 1083 of the Internal Revenue Code of  
21 1954; but only if:

22 (a) The order of the Securities & Exchange Commission in  
23 obedience to which such conveyance is made recites that such  
24 conveyance is necessary or appropriate to effectuate the  
25 provisions of Section 79K of Title 15 of the United States Code,  
26 relating to the Public Utility Holding Company Act of 1935;

1 (b) Such order specifies the property which is ordered  
2 to be conveyed;

3 (c) Such conveyance is made in obedience to such order.

4 Section 8. Application to Partnerships.

5 (a) In the case of any realty held by a partnership, no  
6 levy shall be imposed pursuant to this ordinance by reason of any  
7 transfer of an interest in a partnership or otherwise, if

8 (1) Such partnership (or another partnership) is  
9 considered a continuing partnership within the meaning of  
10 Section 708 of the Internal Revenue Code of 1954; and

11 (2) Such continuing partnership continues to hold the  
12 realty concerned.

13 (b) If there is a termination of any partnership within  
14 the meaning of Section 708 of the Internal Revenue Code of 1954,  
15 for purposes of this ordinance, such partnership shall be treated  
16 as having executed an instrument whereby there was conveyed, for  
17 fair market value (exclusive of the value of any lien or  
18 encumbrance remaining thereon), all realty held by such  
19 partnership at the time of such termination.

20 (c) Not more than one tax shall be imposed pursuant to  
21 this ordinance by reason of a termination described in  
22 subdivision (b), and any transfer pursuant thereto, with respect  
23 to the realty held by such partnership at the time of such  
24 termination.

25 Section 9. Tax Return.

26 Concurrently with recordation of the deed, instrument or

1 writing, or within three days after delivery of the deed,  
2 instrument or writing, whichever occurs later, the <sup>transferror</sup> ~~transferee~~  
3 shall file with the Recorder a tax return on forms prepared by  
4 the Recorder and containing such pertinent information as is  
5 requested by said form. The Recorder shall prepare said tax  
6 return in such a way that it discloses all information pertinent  
7 to the computation of the taxes imposed by this Ordinance.

8 Section 10. Administration by County Recorder.

9 The County Recorder shall administer this ordinance. On  
10 or before the 15th day of the month the Recorder shall report to  
11 the County Auditor the amounts of taxes collected during the  
12 preceding month pursuant to this ordinance. It shall be the duty  
13 of the Recorder to collect and receive the tax imposed by this  
14 ordinance/ and to pay same into the general fund. In addition to keeping the records now required by  
15 law and paying over the proceeds from the collection of taxes to  
16 the Treasurer of the City and County, as now provided by law, the  
17 Recorder shall keep an accurate and separate account of all such  
18 tax payments received by him, showing the name and address of the  
19 taxpayer and the date of the payments. The Recorder is hereby  
20 charged with the enforcement of the provisions of this ordinance,  
21 and ~~subject to approval of the Board of Review~~, is hereby  
22 empowered to adopt and promulgate and to enforce rules and  
23 regulations relating to any matter or thing pertaining to the  
24 administration and enforcement of the provisions of this  
25 ordinance, including provisions for the re-examination and  
26 correction of returns and payments alleged or found to be

1 incorrect or as to which an overpayment or underpayment is -  
2 claimed or found to have occurred. The Recorder or any agent or  
3 employee authorized in writing by him is hereby authorized to  
4 examine the books, papers and records of any employer or supposed  
5 employer, or of any taxpayer or supposed taxpayer, in order to  
6 verify the accuracy of any return made, or if no return was made,  
7 to ascertain the tax imposed by this ordinance.

8           Every such taxpayer or supposed taxpayer is hereby  
9 directed and required to give to the said Recorder or his duly  
10 authorized agent or employee the means, facilities and  
11 opportunity for such examination and investigations as are hereby  
12 authorized. The Recorder may order the production of books,  
13 papers and records and the attendance of all persons before him,  
14 whether as parties or witnesses whom he believes to have  
15 knowledge thereof. The refusal of such examination by any  
16 taxpayer shall be deemed a violation of this ordinance.

17 Section 11. Recordation.

18           The Recorder shall not record any deed, instrument or  
19 writing subject to the tax imposed by this ordinance unless the  
20 tax is paid. If the party submitting the document so requests,  
21 the amount of tax due shall be shown on a separate paper which  
22 shall be affixed to the document by the Recorder after the  
23 permanent record is made and before the original is returned as  
24 specified in Section 27321 of the Government Code.

25           Every document subject to tax hereunder which is  
26 submitted for recordation shall show on the face of the document



1 or in a separate document the amount of taxes due under this  
2 ordinance and the recorder may rely thereon.

3 Every document subject to tax hereunder which is  
4 submitted for recordation shall show on the face of the document,  
5 or in a separate document, the location of the lands, tenements  
6 or other realty described in the document.

7 Section 13. Claims for refunds.

8 Claims for refunds of taxes imposed pursuant to this  
9 ordinance shall be governed by the provisions of Chapter 5  
10 (commencing with Section 5096) of Part 9 of Division 1 of the  
11 Revenue and Taxation Code.

12 ~~Section 14. Administration, Interpretation, and Implementation.~~

13 In the administration of this ordinance the recorder  
14 shall interpret its provisions consistently with those  
15 Documentary Stamp Tax Regulations adopted by the Internal Revenue  
16 Service of the United States Treasury Department which relate to  
17 the Tax on Conveyances and identified as Sections 47.4361-1,  
18 47.4361-2 and 47.4362-1 of Part 47 of Title 26 of the Code of  
19 Federal Regulations, as the same existed on November 8, 1967,  
20 except that for the purposes of this ordinance, the determination  
21 of what constitutes "realty" shall be determined by the  
22 definition or scope of that term under state law.

23 When the recorder has made a determination as to the  
24 amount of tax due, he or she shall make available to the person  
25 or persons paying said tax a copy of the entire ordinance which  
26 ~~establishes the Real Property Transfer Tax, with specific~~

1 ~~reference being made to the method of Appeals, as hereinafter set~~  
 2 ~~out:~~

3 (a) In order to adjudicate any appeals arising out of  
 4 the amount of any tax imposed pursuant to this ordinance, there  
 5 is hereby established a Real Property Transfer Tax Appeals  
 6 Board. Each San Francisco District Supervisor shall appoint one  
 7 person to sit on the Board. Each person so appointed shall be a  
 8 resident of the district of Supervisor making the appointment.  
 9 The appointments to the Board which are made by Supervisors from  
 10 odd-numbered supervisorial districts shall be for a term of one  
 11 year, whereupon the term of office for those positions shall  
 12 become two years. The appointments to the Board which are made  
 13 by Supervisors from even-numbered supervisorial districts shall  
 14 be for a term of two years. Each person appointed to sit on the  
 15 Board shall serve for a single term. There shall be no  
 16 re-appointments, except that the initial appointees from the  
 17 odd-numbered supervisorial districts may be re-appointed upon  
 18 expiration of their one-year term for one additional two-year  
 19 term. The Board will meet once a week, establish its own chair  
 20 and operating procedures, and will select a staff which will not  
 21 exceed two (2) persons selected from the Civil Service pool,  
 22 subject to Civil Service regulations. Each member of the Board  
 23 will be paid \$25 for each meeting that he or she attends, with a  
 24 maximum monthly ceiling of \$125 per Board member. The Board will  
 25 be subject to any guidelines and regulations developed by the  
 26 ~~Board of Supervisors. There will be no higher appeals board than~~

1 ~~the one hereby established; this provision in no way restricts~~  
 2 the right of judicial review.

3 (b) Any person who pays any tax required by this  
 4 ordinance, and any Appeals Board member or District Supervisor,  
 5 who has reason to believe that the recorder erred in his or her  
 6 determination as to the amount of tax due may file an appeal.

7 (c) The Real Property Transfer Tax Appeals Board is also  
 8 authorized to hear appeals from that portion of the tax assessed  
 9 upon the difference between the full actual consideration for  
 10 which the property was previously purchased and the full actual  
 11 consideration for which the property is now being sold when its  
 12 imposition would cause a hardship. Hardship relief available  
 13 under this subsection is limited to property which is the  
 14 principal residence of the seller and which consists of 3 units  
 15 or less. The following circumstances form the bases for a  
 16 hardship appeal:

17 (1) Sale of the property is necessitated by a change  
 18 in the number of persons inhabiting it;

19 (2) Sale of the property is necessitated by a loss of  
 20 income or increase in expenses which are beyond the control  
 21 of the seller, or by a change in the seller's marital status;

22 (3) Sale of the property is necessitated by the  
 23 dissolution of the members of cooperatively-owned property;

24 (4) Sale of the property is necessitated by a job  
 25 transfer of the seller to a location outside San Francisco.

26 ~~(d) It shall be the responsibility of the Real Property~~

~~1 Transfer Tax Appeals Board to provide the Board of Supervisors  
2 with semi-annual reports which will review the activities of the  
3 Appeals Board and will provide a statistical breakdown as to  
4 yield of the tax, types and amounts of deductions granted, types  
5 and amounts of hardship relief granted, and any other information  
6 pertinent to the operations of the Appeals Board.~~

7 Section 15. Deficiency determination.

8 Whenever the county recorder has reason to believe that  
9 the full amount of tax due under this ordinance has not been  
10 paid, he may, by notice served upon any person liable therefor,  
11 require him to furnish a true copy of his records relevant to the  
12 amount of the consideration or value of the interest or property  
13 conveyed.

14 Section 16. Penalty.

15 Any person or persons who makes, signs, issues or  
16 accepts or causes to be made, signed, issued or accepted and who  
17 submits or causes to be submitted for recordation any deed,  
18 instrument or writing subject to the tax imposed by this  
19 ordinance and makes any material misrepresentation of fact for  
20 the purpose of avoiding all or any part of the tax imposed by  
21 this ordinance shall be guilty of a misdemeanor.

22 No person or persons shall be liable, either civilly or  
23 criminally, for any unintentional error made in designating the  
24 location of the lands, tenements or other realty described in a  
25 document subject to the tax imposed by this ordinance.

26 //

1 Section 2.

2 The following findings are hereby made:

3 (a) There exists in San Francisco a situation in which  
4 short term speculation in the residential housing market is  
5 artificially inflating the cost of home-ownership and rental  
6 units beyond the financial reach of lower and middle income  
7 households. A transfer tax on short term speculative profits  
8 from the sale of residential real estate is desirable because it  
9 will operate as a disincentive to such speculation and will  
10 assist in maintaining the cost of residential real estate within  
11 the financial reach of lower and middle income households.

12 (b) The City and County of San Francisco is in dire need  
13 of additional sources of revenue to meet the increasing cost of  
14 governmental services. A transfer tax on short term speculative  
15 profits from the sale of residential real estate is desirable  
16 because (1) the tax is imposed on a group which has benefitted  
17 greatly from governmental services which create an environment  
18 conducive to capital appreciation of residential real estate, and  
19 (2) the tax is imposed on a group which generally is well able to  
20 pay such tax on such profits.

21 Section 3.

22 This ordinance shall become operative, and the tax  
23 shall first be imposed and collected, at 12:01 a.m. on  
24 June 30, 1978. The tax is imposed on transfers after said date,

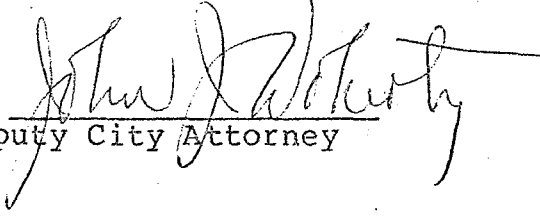
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26 //

1 even if the transferror acquired the real property prior to said  
2 date.

3  
4 APPROVED AS TO FORM

5 GEORGE AGNOST  
6 City Attorney

7 By   
8 Deputy City Attorney

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FILE NO. 120-78-1

ORDINANCE NO. \_\_\_\_\_

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3 TAXES, A TRANSFER TAX ON SHORT TERM SPECULATIVE PROFITS FROM THE  
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22 or their direction, when the consideration of value of the  
23 interest or property conveyed (exclusive of the value of any lien  
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3 (a) In addition to the transfer tax imposed under  
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real property which serve as an alternative or a complement  
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26 less; or

1 (ii) Any sale of residential property which was  
2 acquired by the seller as unimproved residential property  
3 devoid of any residential structures, notwithstanding the  
4 fact that the property be zoned or defined residential.

5 Section 3. Payment of Tax.

6 Any tax imposed pursuant to Section 2 hereof shall be  
7 paid by any person who makes, signs or issues any document or  
8 instrument subject to the tax, or for whose use or benefit the  
9 same is made, signed or issued. The transferror and the  
10 transferree shall be jointly and severally liable for the payment  
11 of said tax.

12 Section 4. Instrument to Secure Debt.

13 Any tax imposed pursuant to this ordinance shall not  
14 apply to any instrument in writing given to secure a debt.

15 Section 5. Exemptions.

16 Any deed, instrument or writing to which the United  
17 States or any agency or instrumentality thereof, any state or  
18 territory, or political subdivision thereof, is a party shall be  
19 exempt from any tax imposed pursuant to this ordinance when the  
20 exempt agency is acquiring title, but the other party or parties  
21 to the transfer shall remain liable for payment of the tax.

22 Section 6. Exceptions.

23 Any tax imposed pursuant to this ordinance shall not  
24 apply to the making, delivering or filing of conveyances to make  
25 effective any plan of reorganization or adjustment:

26 //

1 (a) Confirmed under the Federal Bankruptcy Act, as  
2 amended;

3 (b) Approved in an equity receivership proceeding in a  
4 court involving a railroad corporation, as defined in subdivision  
5 (m) of Section 205 of Title 11 of the United States Code, as  
6 amended;

7 (c) Approved in an equity receivership proceeding in a  
8 court involving a corporation, as defined in subdivision (3) of  
9 Section 506 of Title 11 of the United States Code, as amended; or

10 (d) Whereby a mere change in identity, form or place of  
11 organization is effected.

12 Subdivisions (a) to (d), inclusive, of this section  
13 shall only apply if the making, delivery or filing of instruments  
14 of transfer or conveyances occurs within five years from the date  
15 of such confirmation, approval or change.

16 Section 7. Orders of Securities and Exchange Commission.

17 Any tax imposed pursuant to this ordinance shall not  
18 apply to the making or delivery of conveyances to make effective  
19 any order of the Securities & Exchange Commission, as defined in  
20 subdivision (a) of Section 1083 of the Internal Revenue Code of  
21 1954; but only if:

22 (a) The order of the Securities & Exchange Commission in  
23 obedience to which such conveyance is made recites that such  
24 conveyance is necessary or appropriate to effectuate the  
25 provisions of Section 79K of Title 15 of the United States Code,  
26 relating to the Public Utility Holding Company Act of 1935;

1 (b) Such order specifies the property which is ordered  
2 to be conveyed;

3 (c) Such conveyance is made in obedience to such order.

4 Section 8. Application to Partnerships.

5 (a) In the case of any realty held by a partnership, no  
6 levy shall be imposed pursuant to this ordinance by reason of any  
7 transfer of an interest in a partnership or otherwise, if

8 (1) Such partnership (or another partnership) is  
9 considered a continuing partnership within the meaning of  
10 Section 708 of the Internal Revenue Code of 1954; and

11 (2) Such continuing partnership continues to hold the  
12 realty concerned.

13 (b) If there is a termination of any partnership within  
14 the meaning of Section 708 of the Internal Revenue Code of 1954,  
15 for purposes of this ordinance, such partnership shall be treated  
16 as having executed an instrument whereby there was conveyed, for  
17 fair market value (exclusive of the value of any lien or  
18 encumbrance remaining thereon), all realty held by such  
19 partnership at the time of such termination.

20 (c) Not more than one tax shall be imposed pursuant to  
21 this ordinance by reason of a termination described in  
22 subdivision (b), and any transfer pursuant thereto, with respect  
23 to the realty held by such partnership at the time of such  
24 termination.

25 Section 9. Tax Return.

26 Concurrently with recordation of the deed, instrument or

1 writing, or within three days after delivery of the deed,  
2 instrument or writing, whichever occurs later, the transferee  
3 shall file with the Recorder a tax return on forms prepared by  
4 the Recorder and containing such pertinent information as is  
5 requested by said form. The Recorder shall prepare said tax  
6 return in such a way that it discloses all information pertinent  
7 to the computation of the taxes imposed by this Ordinance.

8 **Section 10. Administration by County Recorder.**

9       The County Recorder shall administer this ordinance. On  
10 or before the 15th day of the month the Recorder shall report to  
11 the County Auditor the amounts of taxes collected during the  
12 preceding month pursuant to this ordinance. It shall be the duty  
13 of the Recorder to collect and receive the tax imposed by this  
14 ordinance. In addition to keeping the records now required by  
15 law and paying over the proceeds from the collection of taxes to  
16 the Treasurer of the City and County, as now provided by law, the  
17 Recorder shall keep an accurate and separate account of all such  
18 tax payments received by him, showing the name and address of the  
19 taxpayer and the date of the payments. The Recorder is hereby  
20 charged with the enforcement of the provisions of this ordinance,  
21 and subject to approval of the Board of Review, is hereby  
22 empowered to adopt and promulgate and to enforce rules and  
23 regulations relating to any matter or thing pertaining to the  
24 administration and enforcement of the provisions of this  
25 ordinance, including provisions for the re-examination and  
26 correction of returns and payments alleged or found to be

1 incorrect or as to which an overpayment or underpayment is  
2 claimed or found to have occurred. The Recorder or any agent or  
3 employee authorized in writing by him is hereby authorized to  
4 examine the books, papers and records of any employer or supposed  
5 employer, or of any taxpayer or supposed taxpayer, in order to  
6 verify the accuracy of any return made, or if no return was made,  
7 to ascertain the tax imposed by this ordinance.

8 Every such taxpayer or supposed taxpayer is hereby  
9 directed and required to give to the said Recorder or his duly  
10 authorized agent or employee the means, facilities and  
11 opportunity for such examination and investigations as are hereby  
12 authorized. The Recorder may order the production of books,  
13 papers and records and the attendance of all persons before him,  
14 whether as parties or witnesses whom he believes to have  
15 knowledge thereof. The refusal of such examination by any  
16 taxpayer shall be deemed a violation of this ordinance.

17 Section 11. Recordation.

18 The Recorder shall not record any deed, instrument or  
19 writing subject to the tax imposed by this ordinance unless the  
20 tax is paid. If the party submitting the document so requests,  
21 the amount of tax due shall be shown on a separate paper which  
22 shall be affixed to the document by the Recorder after the  
23 permanent record is made and before the original is returned as  
24 specified in Section 27321 of the Government Code.

25 Every document subject to tax hereunder which is  
26 submitted for recordation shall show on the face of the document

1 or in a separate document the amount of taxes due under this  
2 ordinance and the recorder may rely thereon.

3 Every document subject to tax hereunder which is  
4 submitted for recordation shall show on the face of the document,  
5 or in a separate document, the location of the lands, tenements  
6 or other realty described in the document.

7 Section 13. Claims for refunds.

8 Claims for refunds of taxes imposed pursuant to this  
9 ordinance shall be governed by the provisions of Chapter 5  
10 (commencing with Section 5096) of Part 9 of Division 1 of the  
11 Revenue and Taxation Code.

12 Section 14. Administration, Interpretation, and Implementation.

13 In the administration of this ordinance the recorder  
14 shall interpret its provisions consistently with those  
15 Documentary Stamp Tax Regulations adopted by the Internal Revenue  
16 Service of the United States Treasury Department which relate to  
17 the Tax on Conveyances and identified as Sections 47.4361-1,  
18 47.4361-2 and 47.4362-1 of Part 47 of Title 26 of the Code of  
19 Federal Regulations, as the same existed on November 8, 1967,  
20 except that for the purposes of this ordinance, the determination  
21 of what constitutes "realty" shall be determined by the  
22 definition or scope of that term under state law.

23 When the recorder has made a determination as to the  
24 amount of tax due, he or she shall make available to the person  
25 or persons paying said tax a copy of the entire ordinance which  
26 establishes the Real Property Transfer Tax, with specific



1 reference being made to the method of Appeals, as hereinafter set  
2 out:

3 (a) In order to adjudicate any appeals arising out of  
4 the amount of any tax imposed pursuant to this ordinance, there  
5 is hereby established a Real Property Transfer Tax Appeals  
6 Board. Each San Francisco District Supervisor shall appoint one  
7 person to sit on the Board. Each person so appointed shall be a  
8 resident of the district of Supervisor making the appointment.  
9 The appointments to the Board which are made by Supervisors from  
10 odd-numbered supervisorial districts shall be for a term of one  
11 year, whereupon the term of office for those positions shall  
12 become two years. The appointments to the Board which are made  
13 by Supervisors from even-numbered supervisorial districts shall  
14 be for a term of two years. Each person appointed to sit on the  
15 Board shall serve for a single term. There shall be no  
16 re-appointments, except that the initial appointees from the  
17 odd-numbered supervisorial districts may be re-appointed upon  
18 expiration of their one-year term for one additional two-year  
19 term. The Board will meet once a week, establish its own chair  
20 and operating procedures, and will select a staff which will not  
21 exceed two (2) persons selected from the Civil Service pool,  
22 subject to Civil Service regulations. Each member of the Board  
23 will be paid \$25 for each meeting that he or she attends, with a  
24 maximum monthly ceiling of \$125 per Board member. The Board will  
25 be subject to any guidelines and regulations developed by the  
26 Board of Supervisors. There will be no higher appeals board than

1 the one hereby established; this provision in no way restricts  
2 the right of judicial review.

3 (b) Any person who pays any tax required by this  
4 ordinance, and any Appeals Board member or District Supervisor,  
5 who has reason to believe that the recorder erred in his or her  
6 determination as to the amount of tax due may file an appeal.

7 (c) The Real Property Transfer Tax Appeals Board is also  
8 authorized to hear appeals from that portion of the tax assessed  
9 upon the difference between the full actual consideration for  
10 which the property was previously purchased and the full actual  
11 consideration for which the property is now being sold when its  
12 imposition would cause a hardship. Hardship relief available  
13 under this subsection is limited to property which is the  
14 principal residence of the seller and which consists of 3 units  
15 or less. The following circumstances form the bases for a  
16 hardship appeal:

17 (1) Sale of the property is necessitated by a change  
18 in the number of persons inhabiting it;

19 (2) Sale of the property is necessitated by a loss of  
20 income or increase in expenses which are beyond the control  
21 of the seller, or by a change in the seller's marital status;

22 (3) Sale of the property is necessitated by the  
23 dissolution of the members of cooperatively-owned property;

24 (4) Sale of the property is necessitated by a job  
25 transfer of the seller to a location outside San Francisco.

26 (d) It shall be the responsibility of the Real Property

1 Transfer Tax Appeals Board to provide the Board of Supervisors  
2 with semi-annual reports which will review the activities of the  
3 Appeals Board and will provide a statistical breakdown as to  
4 yield of the tax, types and amounts of deductions granted, types  
5 and amounts of hardship relief granted, and any other information  
6 pertinent to the operations of the Appeals Board.

7 Section 15. Deficiency determination.

8 Whenever the county recorder has reason to believe that  
9 the full amount of tax due under this ordinance has not been  
10 paid, he may, by notice served upon any person liable therefor,  
11 require him to furnish a true copy of his records relevant to the  
12 amount of the consideration or value of the interest or property  
13 conveyed.

14 Section 16. Penalty.

15 Any person or persons who makes, signs, issues or  
16 accepts or causes to be made, signed, issued or accepted and who  
17 submits or causes to be submitted for recordation any deed,  
18 instrument or writing subject to the tax imposed by this  
19 ordinance and makes any material misrepresentation of fact for  
20 the purpose of avoiding all or any part of the tax imposed by  
21 this ordinance shall be guilty of a misdemeanor.

22 No person or persons shall be liable, either civilly or  
23 criminally, for any unintentional error made in designating the  
24 location of the lands, tenements or other realty described in a  
25 document subject to the tax imposed by this ordinance.

26 //

1 Section 2.

2 The following findings are hereby made:

3 (a) There exists in San Francisco a situation in which  
4 short term speculation in the residential housing market is  
5 artificially inflating the cost of home-ownership and rental  
6 units beyond the financial reach of lower and middle income  
7 households. A transfer tax on short term speculative profits  
8 from the sale of residential real estate is desirable because it  
9 will operate as a disincentive to such speculation and will  
10 assist in maintaining the cost of residential real estate within  
11 the financial reach of lower and middle income households.

12 (b) The City and County of San Francisco is in dire need  
13 of additional sources of revenue to meet the increasing cost of  
14 governmental services. A transfer tax on short term speculative  
15 profits from the sale of residential real estate is desirable  
16 because (1) the tax is imposed on a group which has benefitted  
17 greatly from governmental services which create an environment  
18 conducive to capital appreciation of residential real estate, and  
19 (2) the tax is imposed on a group which generally is well able to  
20 pay such tax on such profits.

21 Section 3.

22 This ordinance shall become operative, and the tax  
23 shall first be imposed and collected, at 12:01 a.m. on  
24 June 30, 1978. The tax is imposed on transfers after said date,

25 //

26 //

1 even if the transferror acquired the real property prior to said  
2 date.

3  
4 APPROVED AS TO FORM

5 GEORGE AGNOST  
6 City Attorney

7 By   
8 Deputy City Attorney

1 (ii) Any sale of residential property which was  
2 acquired by the seller as unimproved residential property  
3 devoid of any residential structures, notwithstanding the  
4 fact that the property be zoned or defined residential.

5 Section 3. Payment of Tax.

6 Any tax imposed pursuant to Section 2 hereof shall be  
7 paid by any person who makes, signs or issues any document or  
8 instrument subject to the tax, or for whose use or benefit the  
9 same is made, signed or issued. The transferror and the  
10 transferee shall be jointly and severally liable for the payment  
11 of said tax.

12 Section 4. Instrument to Secure Debt.

13 Any tax imposed pursuant to this ordinance shall not  
14 apply to any instrument in writing given to secure a debt.

15 Section 5. Exemptions.

16 Any deed, instrument or writing to which the United  
17 States or any agency or instrumentality thereof, any state or  
18 territory, or political subdivision thereof, is a party shall be  
19 exempt from any tax imposed pursuant to this ordinance when the  
20 exempt agency is acquiring title, but the other party or parties  
21 to the transfer shall remain liable for payment of the tax.

22 Section 6. Exceptions.

23 Any tax imposed pursuant to this ordinance shall not  
24 apply to the making, delivering or filing of conveyances to make  
25 effective any plan of reorganization or adjustment:

26 //

*File 120-78-1*

April 5, 1978

Supervisor Feinstein

Clerk of the Board

Proposed Ordinance Pertaining to Real Estate Transfer Tax

I have reviewed the proposed ordinance which was introduced by Supervisor Milk at Monday's Board meeting. In my view the matter, under the Board's rules, is properly referable only to the Finance Committee. In view of that fact, I have directed that this matter be referred to Finance Committee under File 120-78-1.

GILBERT H. BOREMAN

cc: Supervisor Milk

GHB:jl

bcc: File  
Reading

14

*apb*

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

1978 MAY 22 AM 9:05

BY *ms*  
120-78-1

May 19, 1978

S.F. Board of Supervisors  
City Hall, Rm. 235  
San Francisco, CA 94102

RE: Anti-speculation Tax

Dear Board of Supervisors:

Regarding San Francisco's proposed "Anti-Speculation Tax",  
Please consider the following:

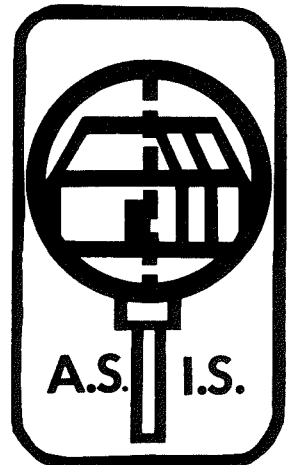
1. Its primary purpose appears to be a revenue generating means. Taxes are high enough and there are too many.
2. It will require more public employees. You should be considering ways of reducing the number of City employees.
3. It will likely increase the cost of housing.

Sincerely,

*Walter Gloskowski*

Walter Gloskowski  
President

WG/rc





All supervisors (done) by

Cliff - cc each Supr (done)



Edward Lawson, A.I.P., Director  
City Planning Department

May 22, 1978

The Board of Supervisors  
City and County of San Francisco  
City Hall, Room 235  
San Francisco, CA 94102

Attention: Mr. Gilbert H. Boreman, Clerk of the Board

Ladies and Gentlemen:

The Board of Directors of the San Francisco Chamber of Commerce, at its meeting on Friday, voted to oppose the proposed ordinance on a speculation tax that is before the Board today.

The Chamber opposes this measure in the belief that speculation is not a major cause of high property taxes and high rents in San Francisco and because of inequities that might result from the proposal and the possibility of a result that would be directly opposite of that desired, namely that properties would be withheld from the market creating higher prices for those that were available.

The Chamber Board of Directors indicated that it would like to assist the city in any way possible to overcome what it believes to be the basic housing problem in San Francisco: the lack of adequate housing coming on the market.

Sincerely,

Edward Lawson

EL:kg

cc: Board of Supervisors

JPH

May 18, 1978

120-78-1

Board of Supervisors -

Property ownership is a kind  
of public trust!

All people have a right to  
decent housing at affordable  
price!

Stop real estate speculation!

yours,

Russ Hickman

1085 Page

S.F. CA. 94117

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
1978 MAY 22 AM 9:06  
BY *[initials]*

a property owner. I strongly

generation San Franciscan and

I am a third

Supervisors,

2364 - Pacific Ave  
San Francisco, Calif  
May 12, 1978

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

1978 MAY 15 AM 9:36

120-78-1

oppose The Anti-Speculation

Tax. I feel it is unconstitutional

and Self-Defeating.

Sincerely,

Florian McGuire Moore

5-22-78

apf  
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BOARD OF SUPERVISORS  
SAN FRANCISCO  
1978 MAY 15 AM 11:28  
BY \_\_\_\_\_

ELLMAN, PASSOVOY & BURKE

ATTORNEYS AT LAW

ONE ECKER BUILDING, SUITE 210

ECKER AND STEVENSON STREETS

SAN FRANCISCO, CALIFORNIA 94105

TELEPHONE (415) 777-2727

May 15, 1978

120-78-1

BY MESSENGER

Board of Supervisors  
City and County of San Francisco  
235 City Hall  
San Francisco, CA 94102

Re: Proposed Speculation Tax Ordinance

Ladies and Gentlemen of the Board:

I am writing this letter to urge you to reject the proposed "anti-speculation" ordinance.

I appreciate the fact that you and other members of San Francisco government, as well as the general populace of the City, are deeply concerned about the cost of housing in San Francisco. But I respectfully submit that the proposed ordinance, or any of its ilk, will do nothing to alleviate the problem. In fact, it is more likely to exacerbate the situation. Here is why:

The high cost of housing in San Francisco, rental or purchase, is not the result of speculation. It is simply a function of supply and demand. We do not have enough housing to accommodate the people who want to live in the City. There are more people looking for homes to rent or buy than are readily available. Thus the price of that

# COMBINED REALTY

TELEPHONE  
626-8679

1869 MARKET STREET  
SAN FRANCISCO, CALIFORNIA 94103

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

BY

MAR 30 AM 8:57

March 28, 1978

Board of Supervisors  
Finance Committee  
City Hall  
San Francisco, CA

Honorable Supervisors:

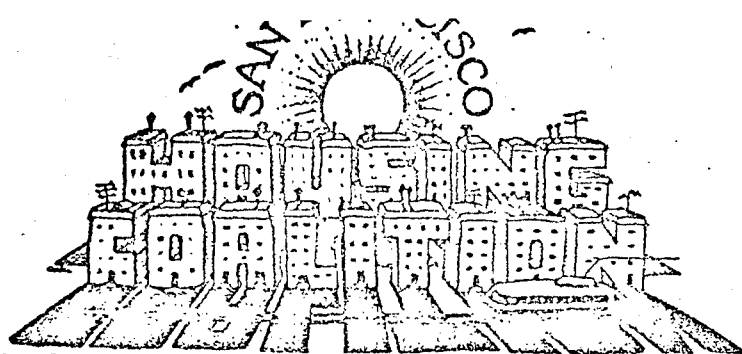
I am writing you at this time because I am unable to attend your meeting with regards to the proposed Property Speculation Tax.

I do not feel that this tax is necessary because San Francisco Real Estate is not in a speculators' market. If you were to study the figures with regards to sales, you will notice that San Francisco is one of the greatest real estate markets in the United States. Property has gone down in certain areas such as Western Addition, Haight-Ashbury, Inner Mission and then it has been rehabilitated and market values have increased.

Properties that have been sold in the probate market have been improved because of people buying them and then refurbishing them to become better properties.

San Francisco is fast becoming one of the great cities of the world. Real estate values are increasing here because of simple economics, supply, and demand. We have no great subdivisions being built as in some areas in Los Angeles where speculators are quickly buying and selling. Apartment buildings have increased in value because of the present down zoning proposals before the Planning Commission. There is, as in homes, no great buying and selling on a great speculative basis.

I have been a Broker for 15 years, I have rehabilitated properties, and I have sold to so called speculators who have put their money, time, and risk factor to improve properties which has created new units and housing. I feel that there is now an undercurrent in San Francisco to suppress the real estate market: Down zoning, rent control, groups who fight you everytime you try to



944 Market Street • Room 701 • San Francisco, Ca. 94102 • 397-8589

Rec'd in Cmte meeting 5/10/78

10 May 1978

STATEMENT OF SFHC SPOKSPERSON ON AMENDMENTS  
TO THE DRAFT ANTI-SPECULATION ORDINANCE  
BEFORE THE FINANCE COMMITTEE 10 MAY 1978

First, the Coalition would like to point out that it was given a copy of the draft ordinance at 12:30 this afternoon. We were surprised to see, in our reading of the draft, that important changes were made in our draft ordinance. The ordinance before the Finance Committee is not, we repeat not, the draft ordinance submitted by the the San Francisco Housing Coalition as we were lead to believe. Therefore we are submitting amnedments to the draft ordinance prepared by the City Attorney which is before this Committee.

Additionally, the Coalition would like to submit amendments concerning it's draft which we feel are responsible adjustments offered to make the ordinance more fair and effective and reflect objections raised in the last month by people in the community.

We feel that the amendments offered below should be adopted by the Committee and that if they are the resultant ordinance will be the best first step we can take to ensure a reduction in the unchecked speculation now underway in our City.

The Coalition strongly objects to the use of the Consumer Price Index by the City Attorney to reduce the "profit" to be taxed by the ordinance. We urge this Committee to delete all references and uses of the CPI in this ordinance (see text of our Section 2A enclosed below). The use of the CPI in this manner simply discounts past speculation and would tend to lower the tax on a speculator and increase the probability of pass on.

The other two amendments are made willingly in the Coalition's draft (and carried on by the City Attorney in his draft) so as to make the ordinance more fair.

We would strike the requirement (contained in Section 2A (b) (iii), page 3, lines 15 and 16 in the City Attorney's draft) that deductions for improvements be "required by applicable codes of the City and County of San Francisco.

We would shorten the terms of the tax from five years to three (Section 2A (c), page 4 in the CA's draft). We would place the rate of the tax at 80% in the first year, 60% in the second and 60% in the third.

We urge the Committee to adopt these amendments and pass the amended orninance on to the full board.

from the sale of residential real estate ~~if excess of~~  
~~appreciation consistent with the rate of inflation generally~~  
~~OR LESS.~~  
~~as measured by the Consumer Price Index.~~ Speculative profits  
 shall be computed by subtracting from the gross sales price  
 of residential real estate (without deduction for brokers'  
 commissions or other closing costs) the sum total of the  
 following: The transferror's original cost or other basis  
 of said property without any deduction for depreciation;  
~~plus a percentage thereof equal to the increase, if any,~~  
~~between the Consumer Price Index for the month in which the~~  
~~transferror acquired said residential real estate, and the~~  
~~Consumer Price Index for the month in which the transferror~~  
~~sold said residential real estate; plus the cost of all~~  
 improvements made to the subject property, provided that they  
 were made pursuant to a permit duly issued, and ~~were required~~  
~~by applicable Codes of the City and County of San Francisco;~~  
 plus the cost of all work which relates to the improvement of  
 building insulation on the real property subject to the tax,  
 and the cost of all work which relates to and includes the  
 installation of energy and/or utility systems on the subject  
 real property which serve as an alternative or a complement  
 to utilities delivered by private sources, and which have  
 been installed as integral parts of the utility system of  
 that subject property; provided, however, that whenever an  
 increase in basis because of the cost of an improvement is  
 claimed under this Section for residential rental property,

the person claiming such increase in basis must demonstrate  
 that any increase in rent which may have occurred during his  
 or her ownership of the property has not already compensated  
 for the costs of improvement.

(c) The rate of tax on speculative profits shall be as  
 follows:

(i) Whenever the sale occurs within one year after the  
 transferror acquired said residential real property, the tax  
 shall be eighty percent (80) of speculative profits.

(ii) Whenever the sale occurs more than one year, but  
 within two years, of the date the transferror acquired said  
 property, the rate of tax shall be SIXTY percent (60%) of  
 speculative profits.

(iii) Whenever the sale occurs more than two years,  
<sup>THREE</sup>  
 but within ~~four~~ years, of the date the transferror acquired  
 said property, the rate of tax shall be SIXTY percent (60%)  
 of speculative profits.

(iv) Whenever the sale occurs more than four years,  
~~but within five years, of the date the transferror acquired~~  
~~said property, the rate of tax shall be ----- percent (---%)~~  
~~of speculative profits.~~

(d) The surtax on speculative profits shall not apply to

(i) Any sale of property which occurs on or after the  
 sixty-second birthday of the seller, which is the principal  
 residence of the seller, and which consists of 3 units or  
 less; or

SAN FRANCISCO HOUSING COALITION AMENDMENTS TO CITY ATTORNEY'S DRAFT ANTI-SPECULATION ORDINANCE  
10 MAY 1978

ENDING ORDINANCE NO. 315-67 (REAL PROPERTY TRANSFER TAX  
ORDINANCE) SO AS TO IMPOSE, IN ADDITION TO EXISTING TRANSFER  
TAXES, A TRANSFER TAX ON SHORT TERM SPECULATIVE PROFITS FROM THE  
SALE OF RESIDENTIAL REAL ESTATE WHERE SUCH PROFITS EXCEED THE  
PERCENTAGE OF INFLATION AS MEASURED BY THE CONSUMER PRICE INDEX.

it ordained by the People of the City and County of San  
Francisco:

Section 1. Ordinance No. 315-67 (Real Property Transfer Tax  
Ordinance) is hereby amended to read as follows:

Section 1. Short Title.

This ordinance shall be known as the "Real Property  
Transfer Tax Ordinance."

Section 2. Tax Imposed.

There is hereby imposed on each deed, instrument or  
conveyance by which any lands, tenements, or other realty sold  
within the City and County of San Francisco shall be granted,  
conveyed, assigned, transferred or otherwise conveyed to, or vested in, the  
grantor or purchasers, or any other person or persons, by his  
or her direction, when the consideration of value of the  
interest or property conveyed (exclusive of the value of any lien  
or encumbrances remaining thereon at the time of sale) exceeds  
one hundred dollars (\$100), a tax at the rate of two dollars and  
fifty cents (\$2.50) for each five hundred dollars (\$500) or

fractional part thereof.

Section 2A. Surtax on Speculative Profits.

(a) In addition to the transfer tax imposed under  
Section 2, there is hereby imposed a transfer tax on short-term  
speculative profits, if any, from the sale of residential real  
estate, at the rate set forth in subparagraph (c) of this Section  
2A, where such profits exceed appreciation consistent with  
the rate of inflation as measured by the Consumer Price Index.

(b) As used in this Section 2A, the following terms  
shall have the following meanings:

(i) Residential real estate shall mean any improved  
real property which either (1) actually is utilized for  
residential purposes, either in whole or in part, or (2) is  
intended for use as a residence, either in whole or in part.

~~(ii) Consumer Price Index shall mean the National  
Consumer Price Index for Urban Wage Earners and Clerical  
Workers. In computing the percentage increase, if any,  
between the Consumer Price Index for the month in which the  
transferor acquired real property and the Consumer Price  
Index for the month in which the transferor sold real  
property, the Unrevised Consumer Price Index for Urban Wage  
Earners and Clerical Workers shall be utilized for dates  
prior to January 1, 1978, and the Revised Consumer Price  
Index for Urban Wage Earners and Clerical Workers shall be  
utilized for dates on or after January 1, 1978.~~

(iii) Speculative profits shall mean those profits  
THE GROSS PROFIT



up a jump-threatening position on the Bay Bridge yesterday. "He said he was tired of being criticized ... by everybody," Chief Luke Langlois said of Damm, 23, a recent arrival from the Midwest. The California Highway Patrol said yesterday that Damm had been seen on Yerba Buena Island, at 1:45 p.m. When he was seen by him, Damm asked to see a "white male psychiatrist," he reported. Langlois took the challenge, and talked Damm over the rail.

St. Exam., May 7, 1978

## New anti-speculation law sought

# War on profit in property sales

By Gerald Adams

In Chinatown, a 100-room tenement at 858 Washington St. that was bought for \$1.4 million last October is up for sale for \$2.4 million.

In Noe Valley, at 136-38 27th St., a house that sold for \$52,000 on Dec. 3, 1976 was resold the same day for \$85,000.

In the Mission District, a house at 1080 Shotwell St. sold for \$75,000 last June, and was resold a month later for \$82,000.

Citing more than 70 such examples of fast turnover and hefty profits and some 30 examples of sizable rent increases without corresponding improvements in the properties, the San Francisco Housing Coalition has begun beating the drums for a stern new anti-speculation law.

As outlined at a press conference intended to publicize tomorrow's consideration of the proposal at a 2 p.m. meeting of the Board of Supervisors Finance Committee, the proposed amendment to the city real estate transfer tax would require stiff additions to the present \$2.50 per \$500 of the sale price.

It would impose an 80 percent tax on the profit from a residential building sold within one year of its purchase. The tax would be gradually reduced, the longer the property is held: For example, the tax would be 60 percent if the property is held for two years; 30 percent if held up to four years; 15 percent if

five years; and there would be no tax on property held more than five.

"This is an extreme measure," said Buck Bagot of the Northwest Bernal Block Club, "because it is an extreme problem."

On Bernal Heights, he said, "We're being speculated to death." Bagot cited the case of a small house at 25 Winfield St. that has been sold four times in three years, its price more than doubling in that time — from \$17,500 in April 1975 to \$38,000 last July, its most recent purchase.

"You don't see children in Noe Valley anymore," said Charlotte Prozan of the San Francisco Women's Center, "prices have gone up so high. It's really hurt the character of San Francisco," she added.

Representatives of the Coalition distributed an eightpage summary of their research listing addresses, sale dates and prices of properties that had been turned over more than once in recent years.

In the case of the tenement at 858 Washington St., described by Donnell Choy of the Chinatown Coalition for Better Housing, tenants' rents were raised from between \$30 and \$90 per month by \$30 to \$40 after its purchase in October for \$1.48 million by Sam Wong, owner of the Sam Wong Hotel.

At the same time, according to Choy, improvements were restrict-

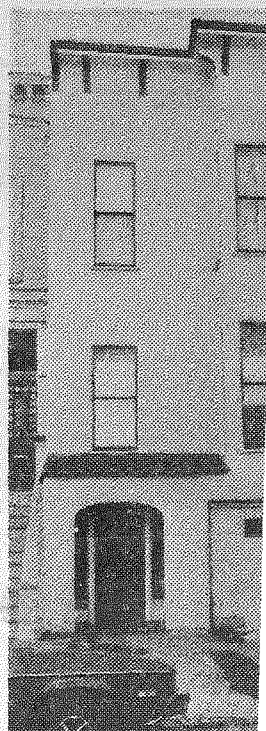
ed to a new stucco front for the building, hallway painting and replacement of several windows. Recently, 30 tenants on the building's first floor were evicted to make way for a new garment sewing shop, Choy said, noting that the real estate firm of Hogan and Vest two months ago began advertising the building for sale at \$2.4 million. (Wong was not available for comment.)

Coalition representatives produced 30 "tenant horror stories" — addresses at which rents were dramatically increased as a result, they said, of speculation.

At one address, 183 Noe St., a resident of seven years, a patient with a continuing need for kidney dialysis, was evicted, the summary said, along with six children. At 2750-B Folsom, it reported, rents were increased twice — from \$100 to \$160, then to \$300. At 495 3rd Ave., it said, two new owners in a space of four months boosted rents from \$160 to \$195, then to \$235. At 361 Howth St., according to another item, rent went from \$135 to \$150, then to \$175, then to \$200 in slightly over a year.

"The anti-speculation bill is not a panacea," said Ann Dewsbury, a teacher and graduate student in history at San Francisco State University, "but will discourage this practice."

She claimed that the measure has the support of some 55 neighborhood and special cause groups



HOUSE ON SHOTWELL  
A quick resale gain

as well as the end individuals including 1 missioners (Dian Blor Redevelopment Agency, Bierman of the city Planning Commission, Douglas Eng Board of Permit Appeals, Maxwell, Human Rights Commission) and Assemblyman Brown.

The measure as it permit those subject to a conditional transfer tax to pay a taxable amount by improvements. Impact tax would be applied to the appeals board, the tax would be paid by the

## \$852 million city budget faces a battle

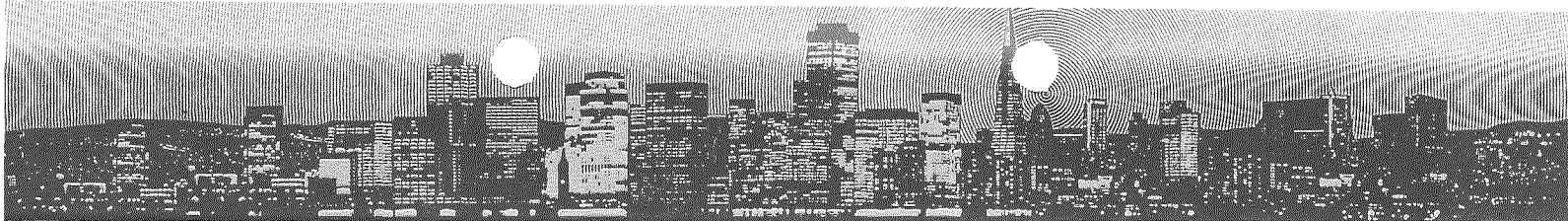
million budget recommended by the Board of Supervisors' Finance Committee

This table shows what major departments were asking, what Mayor Moscone had allowed and what the Finance Committee has recommended:

	Asked	Mayor OK'd	Committee OK'd
Police	\$ 4,077,923	\$ 3,634,326	\$ 3,590,513
Fire	3,376,824	3,180,084	2,962,000
Public Works		1,725,921	

ments.

The board of supervisors



## KGO NEWSTALK RADIO 81

"Argumentative," "opinionated" and "impatient" are words used by some listeners to describe KGO Radio's evening communicator, Art Finley. Yet he prefers adjectives like; probing, investigative or inquisitive.

Returning to KGO Radio from several years in Canada, the Finley technique has grown with the man. In discussing his work Finley says "I listen. I try to be objective when I'm talking to listeners and phone-ins. If I close my mind I turn them off and miss the best ideas. They're the best resource I have."

"I am always myself. I talk exactly on the air in the same way I do off the air—except for words the FCC says you can't say. I'm honest. I put people at ease."

Indeed he does and he has been a top rated communicator in every market and medium he has worked in. A man of many media, Bay Area residents recall his years of award winning children's TV programming as "Mayor Art" on two local stations. Concurrent with those programs Finley appeared as a radio personality. He also served as a newscaster, producer and talent for public service programs on television. In addition to his broadcast experience of over 27 years, Finley has delighted readers of the San Francisco Chronicle and other U.S. newspapers with the daily "Art's Gallery". These unique cartoon panels combine Victorian steel engravings with hilarious and contemporary captions. As a foreign correspondent for the Chronicle he contributed news from Europe and Canada.

A voracious reader, Finley has acquired the reputation of being a communicator who thoroughly researches each topic he faces on the air. In this manner the Finley technique lays the real issues bare for examination from every angle . . . something his professionalism demands and his audience respects.

How does Finley react when someone tries to put him in a category? "I'm not labelable. People put labels on you to satisfy themselves. I'll go along with a label if he or she wants one—for themselves. But I won't label myself or anyone else unless they want one."

KGO Radio simply labels Finley "professional", "contemporary" and "top-rated."



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7-10 p.m.—Monday-Friday  
8-11 a.m.—Saturday



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*- Stock market & controls on speculators;*

**CALL TO ACTION - HEARING ON PROPOSED SPECULATION  
TAX ORDINANCE - MAY 10, 1978**

The hearing on the San Francisco Housing Coalition's proposed anti-speculation ordinance, submitted by Supervisor Milk, was originally scheduled to be held by the Finance Committee of the Board of Supervisors on April 12, 1978 but was postponed. This ordinance, you will recall, is the one that would impose a tax at an 80% rate on the difference between the purchase and selling prices of real estate within one year of purchase and at a descending rate, bottoming at 15%, if sold within five years. The current indication is that the hearing will be held on May 10, starting at 2:00 p.m. in Room 228 of the City Hall.

To repeat what we said in a letter relating to an earlier hearing by the Finance Committee on anti-speculation legislation:

It is extremely important that we have a large representation of our membership in attendance. It can be expected that the Coalition will be there in force. Those of you who were present at the earlier hearing will recall the Coalition's maneuver of arriving early and appropriating all of the choice seats in the hearing room, forcing some of our members to listen to the proceedings in the hallway because of the overflow situation. An early arrival at the hearing will avoid a duplication and give the opposing forces a dose of their own medicine. The Board will present its opposition to the proposed ordinance at the hearing and it will not be necessary for members to be prepared to address the committee unless some appropriate supplementary comments appear to be in order after the Board's presentation.

In addition to attending the meeting it is important that you communicate your views on the proposed ordinance to members of the Board of Supervisors. We have previously provided you with copies of a statement outlining various points of opposition to a speculation tax and for your convenience a revised copy is enclosed. Letters to the supervisors may be addressed to them at Room 235, City Hall. A card listing the telephone number of each supervisor has previously been sent to you if oral communications are to be made.

It is obvious that the ones who are most directly affected by these proposals are the home owners of San Francisco who may be offering their properties for the additional tax consequences that may be in store for them. It is accordingly extremely important that you alert home owners with whom you have dealings to the threat that plans being made may subject them to still another tax due to be considered next Wednesday.

Also enclosed are copies of a brochure which has been prepared primarily for distribution to those property owners among your clients who may desire to express their additional opposition to anti-speculation legislation to the supervisors. A supply of these brochures is on hand at the Board's offices and copies may be obtained by calling Mary Berkeley.

Also enclosed are copies of a brochure which has been prepared primarily for distribution to those property owners among your clients who may desire to express their additional opposition to anti-speculation legislation to the supervisors. A supply of these brochures is on hand at the Board's offices and copies may be obtained by calling Mary Berkeley.

- in their eyes?
- what to do?
- affect of central?
- want to buy?
- ↳ how many
- It + more but
- anyway?
- hurt them
- owner?
- why? (the list)
- no?
- supply + demand

- stock market + spec. controls + Roman anti-inflation
- ~~Romely~~ (Alai-Alai) 'pays'



INTRODUCTORY REMARKS BY THE COALITION BEFORE  
THE FINANCE COMMITTEE, WEDNESDAY, MARCH 29th

For over a year neighborhood and community groups in San Francisco have been discussing the need for an amendment to the City's Transfer Tax in order to discourage speculation in residential real estate.

The Coalitions proposed ordinance is based on these discussions. Perhaps no other piece of proposed City legislation has been as widely discussed as this ordinance. Over 110 presentations before various groups in the City has been made by the Coalition. Over 50 groups have formally endorsed the Coalitions ordinance (see endorsement list attached to this packet)

The presentation you will hear today will demonstrate the need for action by this Committee and the full Board on the wide scale problem of speculation in housing now facing all San Franciscans. It is a City wide problem and it demands City wide action. You will hear from people and organizations from all over the City.

All of these speakers will agree with the observation made recently by the Real Estate Research Council: "IT IS PARTICULARLY DISTURBING TO RECOGNIZE THAT (NORTHERN) CALIFORNIA'S PROBLEM OF SPIRALLING HOUSING COSTS IS FAR IN EXCESS OF TRENDS IN ALL OTHER METROPOLITAN AREAS OF THE NATION EXCEPT LOS ANGELES WHERE SIMILAR TRENDS PREVAIL."

The Coalition submits that a major reason for this situation is speculation in housing. We will submit research done by the Coalition that shows:

- A. Gross transactions of real estate is at an all time high in our City;
- B. Costs of housing is at an all time high in our City;
- C. Transactions are occurring at a quicker rate than at any time in the last seven years;
- D. Real estate sold after being held a short period of time leads the market in terms of price ;
- E. Little if any improvement, as measured by the issueing of permits by BBI, is done on the quick turnaround properties;
- F. Housing costs in fact lead cost of living gains in San Francisco, and short term transactions lead housing costs.

As the Coalition argued in it's February 9th letter to this Committee, until the City develops the ability itself to build housing at prices families can afford, the structure of the City's housing stock "locks in " speculation. Since no such housing program exists in the City, the Board must act by adopting a strong anti-speculation ordinance.

The Coalition urges the Finance Committee to amend Supervisors Kopp's ordinance by substituting the whole of the Coalitions anti- speculation measure for his and voting the matter out of Committee today so that the full Board can act on Monday, April 3rd.

The Coalition then stands ready to work with this Committee or any other Committee of the Board to develop a program of municipally financed housing construction which will build new housing for families and seniors at prices under the presently speculation dominated housing market.



ENDORSEMENT LIST FOR THE SAN FRANCISCO HOUSING COALITION'S REAL ESTATE  
TRANSFER TAX ORDINANCE

GROUPS

SF Human Rights Commission  
Archdiocesan Commission on Social Justice  
Grey Panther Housing Committee  
? All People's Coalition  
Eureka Valley Promotion Assn.  
Noe Valley Neighbors in Action  
Alice B. Toklas Democratic Club  
Chinatown Coalition for Better Housing  
Potrero League of Active Neighbors  
Operation Upgrade  
Glide Seniors  
National Women's Political Caucus  
Consumer Action  
La Raza en Accion Local  
Women's Democratic Forum  
First Unitarian Task Force on Aging  
Duboce Triangle Assn.  
Bernal Heights Assn.  
Haight Ashbury Neighborhood Council  
District 1 Political Action  
District 11 Residents Assn.  
Legislative Council for Older Americans  
SF Gay Democratic Club  
? Joint Strategy and Action Committee  
? SF Black Political Caucus  
Board, First Unitarian Church  
Asian Law Caucus  
Union Wage  
Housing Rights Study Group  
Elsie Street Block Club (NWBC)  
Young Democrats  
Campaign for Economic Democracy  
Citizens for Representative Government  
District 5 Congress Committee  
? District 9 Congress Committee  
Bay Area Gay Liberation  
Mission Political Action Committee  
El Tecolote  
Haight Ashbury Children's Center  
Haight Community Food Store  
National Lawyers Guild  
People's Law School



Gay Action  
Federation of Ingleside Neighbors  
Western Addition Project Area Committee  
Social Concerns Committee, First Unitarian Church  
International Hotel Tenants Assn.  
Bay Area Planners Network  
Citizens for Justice  
Third World Gay Caucus  
SF Tenants Union  
Unitarian Universalist Service Committee  
SF Community Congress  
SF Information Clearinghouse  
Four-O-Nine House  
Bay Area Women's Coalition

INDIVIDUALS (Affiliations for identification purposes)

Marilyn Smulyan (SF Tomorrow)  
Tong Kilroy "  
Marie Cleasby "  
Sue Hestor "  
Bill Maher (Delancy Street)  
Sylvester Herring "  
Graciela Cashion (Latin American Seniors)  
Robert Rohatch (ILWU Pensioners)  
Vince Courtney (SEIU Local 400)  
Jim Rivaldo  
Fr. McKinnen (Bayview Ecumenical Ministry)  
Ron Green (Friends of Noe Valley)  
E. Marcia Smolens "  
Sally Brunn "  
William Kuhns "  
Daniel Triolo "  
Peyton Nattinger "  
Anita Banash-Arlen "  
Rev. Carl Smith (Noe Valley Ministry)  
Bruce Stabro (Glen Park Assn.)  
Charles R. Kruger "  
Laura Goderez "  
Jack Flannigan "  
Dolores Tighe "  
Steve LaPlante "  
Bob Andrews "  
Robert Brandeis "  
Fred Perry "  
Gene Coleman (Canon Kip)  
Dian Bloomquist (Redevelopment Agency Commissioner)  
Sue Bierman (City Planning Commissioner)  
Doug Engmann (Board of Permit Appeals)  
Enola Maxwell (Human Rights Commissioner)  
Ida Strickland (Black Women Organized for Action)  
Anne B. Daly  
Terrence Hallinan  
Lelia Medina (Commission on Status of Women)



William Shapiro (SF Renaissance)  
Evert Walsh (Local 1100)  
Larry Griffin (Young Democrats)  
Wade Hudson (Muni Coalition)  
Ester Coleman (Leg. Council Older Americans)  
Rev. David Rankin  
Sister Mary Jenny Sanford  
Hilda Cloud  
Don Zeigler  
Gil Graham  
Don Hesse (Council for Civic Unity)  
Roger Bernhardt  
Gordon Brownell  
Emory Curtis  
Peter Mendelshon  
Frank Fitch  
Kay Pachtner  
Francis Brown  
Walter Knox  
Ed Crocker  
Chester Hartman  
Ken McEldowney  
Linda Post  
Ellen Roberts  
Claude Wynne  
Howard Wallace  
David Looman  
David Prowler  
Dick Zevitz  
Jessie Tepper  
Ed Dunn  
Bobby Meredith  
Jason Goldstein  
Susan Anthony  
Regina Sneed  
Donna Soloman  
Leann Travers  
Bob Heacock  
Robert Devries  
Phil Canuto  
Willie Brown  
Art Agnos



944 Market Street • Room 701 • San Francisco, Ca. 94102 • 397-8589

## SUMMARY OF THE SAN FRANCISCO HOUSING COALITION'S RESEARCH INTO REAL ESTATE SPECULATION IN SAN FRANCISCO

### Introduction:

Beginning in the Fall of 1977 several housing and community groups in San Francisco came together to form the San Francisco Housing Coalition. One of the top items on the agenda for the Coalition was the problem of speculation in housing properties. Members of the Coalition were familiar with stories of huge rent increases, rapid turnover of properties, and large scale neighborhood dislocation. Speculation was defined as rapid turnover of housing properties in 5 years or less resulting in large profits, much higher rents, taxes and housing prices. An Anti-speculation tax was proposed by the Coalition. To document the problem the Coalition assembled a large number of volunteers and cooperating groups to pull together the data. There were two large sections to this efforts. One, summarized in this report was to collect and analyze data on the citywide aspects of the problem. The other was to document the immediate case studies of speculation - on a house by house and neighborhood by neighborhood basis.

### Results

Some of the results of our research:

1. Speculation is real and widespread in the City of San Francisco. It can and has been documented.
2. The huge inflationary surge in San Francisco cannot be attributed merely to population and income changes.
3. Speculation has increased in the last few years and rapid turnover of property has increased and is pushing up the entire housing market.
4. The effects of speculation are citywide and the number of neighborhoods directly impacted is increasing.
5. That property turnover and the high rate of inflation are now on a high plateau with no signs of returning to normal following the incredible speculative boom of early 1977.
6. That it is a myth that speculation is at least accompanied by substantial rehabilitation. We cannot find the building permits to justify this.

...and the anti-speculation tax proposed by the Coalition would be an effective way to deal with the problem provided that the rates are kept high. Low rates would be passed on--adding to inflation.

### Inflation and Speculation

The inflationary firestorm that has recently raged through the housing market of San Francisco really needs no documentation. Anyone who has looked for an apartment or home recently, or who has received a property tax or rent increase, knows all too well what is happening. The dream that many families held of owning their own single family home or of renting at reasonable rates has become just that--a dream. Decent housing, long a problem for the low income and minority groups (is very difficult for even the middle classes. This is true throughout Northern California and is especially true in San Francisco, Why is this happening?

An examination of the data reveals that speculation, that is, a rapid flipping of residential properties in hopes of a quick and large profit, has become a dominant element in the ultra-inflationary market of the last few years in this city. There is no other way to explain the data.

### Root Causes of Housing Inflation

The reality of the escalation of housing costs in San Francisco cannot be explained by merely pointing at such things as the increase in population, the number of new families looking for a place to live, higher incomes, or the constant increase in the cost of living.

While it is true that "everything is going up" the cost of housing is leading the pack. The Real Estate Research Council compiles a price index for single family homes in San Francisco. The index shows that in the ten year period between 1967 and 77 prices have gone up an amazing 263.8%. This means that a house selling for 30,000 in 1967 would typically be selling for approximately 80,000 in 1977. They do not publish an index for multi-family housing--but our data tend to reveal similar runaway prices. During last year they reported that housing prices gained at an annual rate of 20 to 30% per year.

During the period from 1967 to 77 the general cost of living increased at a healthy clip, but "only" to 180% over 1967 prices. Compare this to the 263.8% above. See Chart 1 and Table 1. Housing costs are pulling up the cost of living by leading other elements in the general inflationary trend. It is instructive to see how housing costs in this city are out running the standard measures of costs, such as the Homeownership index, (See Table 2) and how that index in turn runs ahead of the the overall cost of living or Consumer Price Index for the Region.

### Population and Income

While it is certainly true that both population and income in Bay Area are still increasing, it is difficult to tie their increases to the huge jumps in San Francisco prices. In fact, in San Francisco the overall population is declining. The number of households, however, rose between 1950 and 70.

5

But in the period between 1970 and 75 the number decreased over 2%. Additionally, the percentage of one-person households has increased significantly. But whether the households are large or small, new or old, they cannot bid up the price of housing if they don't have the money. Eliminating the the effects of inflation, real personal income in the area has increased about 16% from 1971 to 1977. This means two things: one, since housing prices are going very much faster than incomes, more and more people are being priced out of the market; and two, other factors must account for the increase in housing costs.

Focusing on the 6 year period between 1971 and 77 now, the cost of housing as measured by the Real Estate Council's Index increased by 147% for San Francisco. At the same time overall inflation jumped by 50%. Subtracting inflation from the 147% leaves us with 97% still unexplained. It is very unlikely that a 16% increase in real personal income could account for even a 16% increase in housing costs. This is because the increased income will be spent on other things besides housing, e.g., food and clothing. Even so, this leaves us with 80% increase over 6 years unexplained. This is over 13% per year, on the average.

As startling as the increases are generally, they are as nothing compared to the increases the Housing Coalition's research reveal for high turnover properties. For properties that were held less than 1 year before sale in 1977 the annual rate of price appreciation is 115%. For speculative properties held up to 2 years before sale the annual rate is over 64%. See Table 3 . We can see from this that speculative properties are busting housing prices generally, as speculators are drawn in to out bid ordinary homeowners in an attempt to reap the super profits that these rates of appreciation mean.

#### The Surge in Transactions

The speculative surge in transaction activity can be seen graphically in Chart 1 and Table 4. These indices of real estate transaction activity are commonly used to reveal market trends. Not all deeds recorded represent actual sales, but the ratio between real sales and the total are assumed to be stable. There is no demographic or economic explanation for the sudden surge of activity in 1976 and 77. There was no population or building boom. Other Bay Area Counties did not experience this churning of the market.

Most interestingly, this big jump in Recorded Deeds corresponds to a big jump in prices. See Chart 1. A closer examination of the pattern of property turnover in the city Table 6 shows that 1977 was not only a peak year in transactions (see Table 4 again) but also that it was a peak year for a very special kind of transaction. According to our sample 17% of sales were of properties held one year or less, and 55% of the residential sales were of properties that were held less than five years. But Table 6 tells us that this pattern is fairly new.

Back in 1972 a significantly lower percentage of sales were of fast turnover properties. In part, the surge in 1977 is the result of an acceleration of rapid buying and selling.

But, is speculation really good for us?

An argument advanced to oppose the Housing Coalition's anti-speculation ordinance is that "investors" and not speculators are responsible for the rapid turnover in residential property now being experienced in San Francisco. These "investors" buy a piece of property, the argument goes, make substantial improvements and then sell for a just profit. This development by the private sector, far from being a problem, is a benefit that the City should encourage. Thus our opponents conclude that our anti-speculation ordinance is yet another example of "government" interference which will in fact "stagnate land development".

In order to analyze this argument the Housing Coalition took a random selection of the 1977 transactions sample used in Table 5. 69 properties compose this sub-sample. These properties were then checked with the records of the Bureau of Building Inspection to determine if any building permits had been issued for these addresses. This would certainly be the case if substantial rehabilitation was occurring as our critics argue it must.

As Table 7 shows, only 14 of the properties in the sub-sample (20%) had any permits issued. Of that 14, 7 of the permits (50%) were issued on buildings held two or more years and 5 or 38% were on buildings held for over 5 years. It seems that rehabilitation on any scale is not taking place. Moreover, the average value of the permit in our sub-sample was \$2507 (with one issued for a high of \$10,000 and one for a low of \$625) a sum hardly associated with substantial rehab of buildings reaping very large and quick returns to the investor.

#### Turnover and over

Less than 10% of the approximately 140,00 structures in the city come up for sale each year. Table 9 shows that only a fraction (one-third) of the total housing stock is involved in anything like speculation. In fact it is really only 19% or so of the total that shows much real activity. But it is from this group that the really high velocity flippers are often drawn. Table 10 does show us, however that this fraction represents a larger proportion of the units, as opposed to structures in the city. An examination of this data can reveal how a relatively small number of speculators can effect the entire citywide market.

Over 11,000 sales were listed for San Francisco by the Realdex corporation in 1977. This would mean approximately 6,000 high turnover properties (5 years or less between sales).

This means further that the effect of speculation directly impacts tens or hundreds of thousands living in or near those structures.

#### The Tax

Table 11 details a hypothetical situation where the proposed anti-speculation tax has been used in a situation similar to that prevailing in 1977. The higher the rates the more effective the tax will be. Assuming 1977 or similar situations, financially the tax should be effective.

#### The Future

In 1977 the Real Estate Research Council said in its bulletin: "Present trends in the cost of both existing and new housing cannot continue indefinitely. It is particularly disturbing to recognize that the Northern California spiralling pattern is far in excess of trends in all other metropolitan areas of the nation except for Los Angeles where similar trends exist." But the housing situation remains about the same following the incredible speculative orgy of 1977. In spite of increasing interest rates, grassroots interest in curbing speculation and fear of a crash, the market remains on a high plateau. It shows no signs of returning to the "normal" days of say 1973 or 1974-even. If present trends continue, then the future is clear: San Francisco will become a city for the rich and the near rich. All others will have to leave or in staying pay more and more for less and less housing.

#### Thanks

The Research summarized here represents the collective effort of many individuals and groups in the Housing Coalition. Since there was no money for this effort the effort had to rely solely on volunteers. Special thanks should go to all members of the Coalition and to Planners Network, Peoples Law School, SF Tenants, San Francisco Information Clearinghouse, and students from SF State University. Public Interest Economics West worked with us in the establishment of the data base.

CHART 1

COMPARISON OF INFLATION, HOUSING PRICES AND TRANSACTIONS

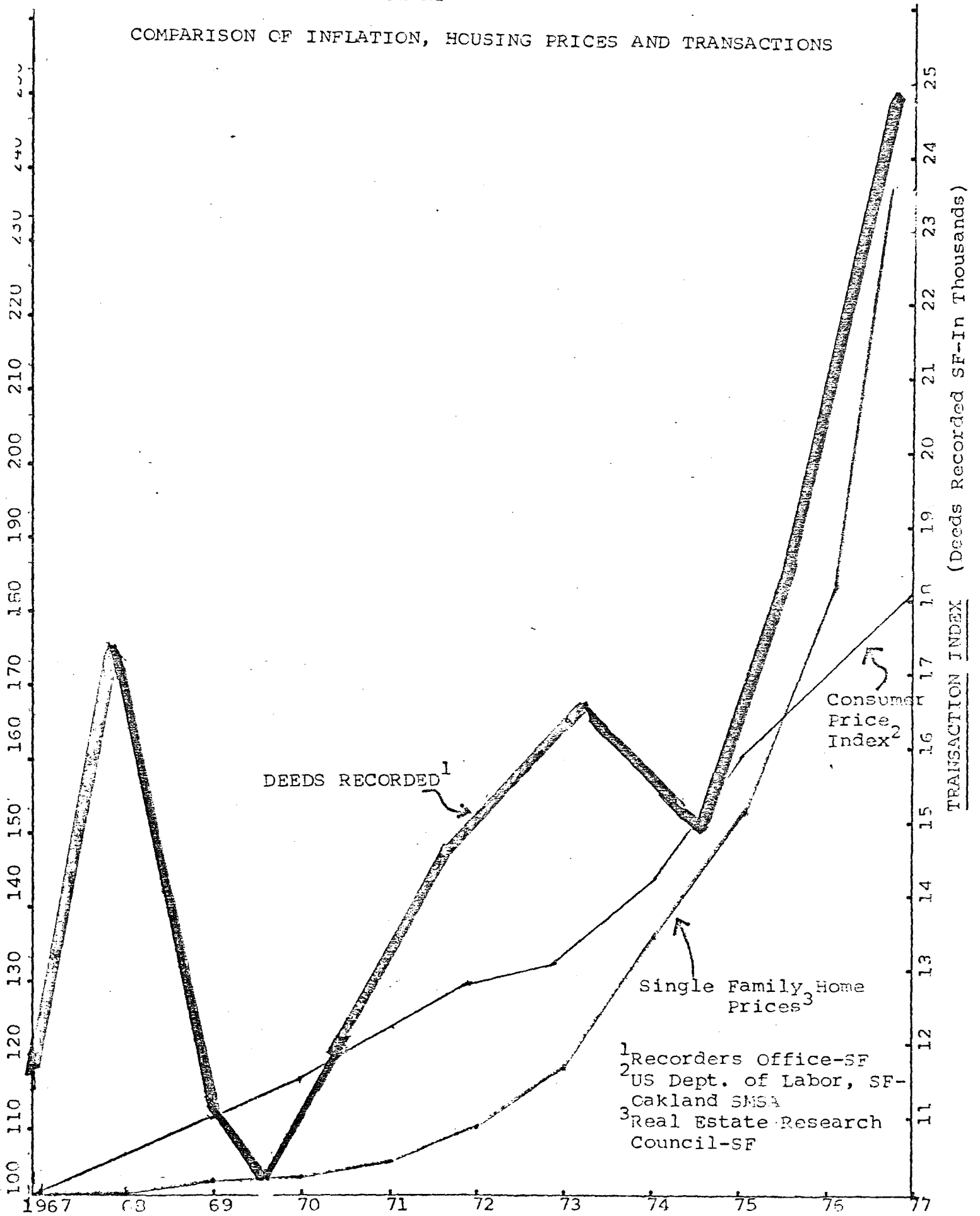


TABLE 1

## INFLATION IN THE SF HOUSING MARKET

SF MARKET TREND INDEX<sup>1</sup> 1967=100  
(Single Family Housing)

<u>Year</u>	<u>Month</u>	<u>Overall Index</u>	<u>Oct. to Oct. Percent Change</u>
1967	Apr.	100.0	
	Oct.	99.5	—
68	Apr.	99.5	
	Oct.	101.6	2.1
69	Apr.	101.6	
	Oct.	101.7	0.1
70	Apr.	102.0	
	Oct.	102.6	0.9
71	Apr.	104.5	
	Oct.	106.8	4.1
72	Apr.	109.8	
	Oct.	112.2	4.9
73	Apr.	115.2	
	Oct.	121.2	8.0
74	Apr.	133.9	
	Oct.	145.1	18.9
75	Apr.	153.6	
	Oct.	169.8	16.4
76	Apr.	182.4	
	Oct.	202.6	18.5
77	Apr.	236.8	
	Oct.	263.8	28.3

<sup>1</sup> Real Estate Research Council



TABLE 2

## INDICIES OF INFLATION

		1967=100		
United States CPI <sup>1</sup> (All Items)		San Francisco-Oakland Standard Metropolitan Statistical Area CPI <sup>1</sup> (All Items)	Rent	Homeownership <sup>2</sup>
1967	100	100	100	100
68	104.2	104.5	105.2	105.7
69	109.8	110.2	111.3	116.0
70	116.3	115.8	119.3	128.5
71	121.3	120.1	125.4	133.7
72	125.3	124.3	129.1	140.1
73	133.1	131.5	137.2	146.7
74	147.7	144.4	138.7	163.2
75	161.2	159.1	144.8	181.7
76	170.5	168.0	153.3	191.7
77	181.5	180.0	163.8	210.8

<sup>1</sup>Source: Consumer Price Index, US Dept. of Labor, includes food and clothing as well as shelter inflation.

<sup>2</sup>Includes other costs of homeowner--besides price of new housing.

TABLE 3

INFLATION IN SELLING PRICES HIGH TURNOVER PROPERTIES SF 1977<sup>1</sup>

Months held before sale	Average increase in Price	Average time held	Average increase per month	yearly
0 to 12	64%	6.6 months	9.6%	115%
13 to 24	94.7%	17.5	5.4%	64.8%

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<sup>1</sup>Based on random sample of 1977 transactions, see Table 5, includes all properties in category with complete price information.

TABLE 4

INDICIES OF REAL ESTATE TRANSACTION ACTIVITY<sup>1</sup>  
IN SAN FRANCISCO

Calendar Year	Deeds Recorded <sup>2</sup>	%Change (from previous year)		
1962	17,048			
63	19,924	+16.87%		
64	18,855	-5.36		
65	17,038	-9.6		
66	12,774	-25.00		
67	11,558	-9.00		
68	17,498	+51.00		
69	11,387	-34.00		
Fiscal Year			Deeds of Trust & Mortgages <sup>3</sup>	%Change
1969-70	10,342		9,038	
70-71	11,940	+15.45	11,917	+31.8%
71-72	14,087	+17.98	14,513	+21.28
72-73	15,893	+12.82	16,199	+11.61
73-74	16,491	+3.76	16,323	+0.76
74-75	14,885	-9.73	14,672	-10.11
75-76	18,544	+24.58	19,734	+34.50
76-77	24,703	+33.21	27,072	+37.18

<sup>1</sup>These indices do not correspond exactly to actual transactions but are useful in giving information of trends in transactions including speculation over time.

<sup>2</sup>Source: Security Pacific, SF Recorders Office.

<sup>3</sup>Source: Security Pacific.

TABLE 5

HOLDING TIME BEFORE SALE<sup>1</sup> RESIDENTIAL<sup>2</sup> PROPERTIES SOLD IN 1977 SF

<u>Holding time</u>	<u>Percentage of All Properties Sold</u>
0-1 year	17%
1-2 years	13%
2-3 years	10%
3-4 years	10%
4-5 years	5%
<hr/>	
Total Held Less Than 5 Years Before Sale	55%
Total Held More Than 5 Years Before Sale	45%

<sup>1</sup>Based on random sample of 481 properties recorded as having sold during calendar year 1977 in Realdex current transactions service ("Gold Sheets").

<sup>2</sup>Includes multi-family, single family, and commercial/residential; totaling 77% of sample; excludes vacant lots, industrial, commercial, and other properties not identified as residential.

TABLE 6

## CHANGES IN HOLDING TIME BEFORE SALE 1972-77 SF

	Residential Properties Sold During:		
	1977 <sup>1</sup>	1974-76 <sup>2</sup>	1972-73 <sup>2</sup>
Held <u>Less</u> than 5 Years	55%	46%	40%
Held <u>More</u> than 5 Years	45%	54%	60%

<sup>1</sup>Based on random sample of 1977 transactions, see Table 5, Above.

<sup>2</sup>Based on random sample of all residential properties, see Table 9, below.

TABLE 7

REHABILITATION OF RAPID TURNOVER PROPERTIES SF 1977<sup>1</sup>

<u>Holding Time Before Sale</u>	<u>No. Of Properties</u> %		<u>Issued Permit</u>	
			<u>No.</u>	<u>%</u>
0-1 year	25	36%	2	8%
1-2 years	19	28	5	26
2-3	8	12	2	25
3-4	3	4	0	0
4-5	3	4	0	0
5+	<u>11</u>	<u>16</u>	5	45
	69	100%		
<hr/>				
Total No. of Properties Examined:	69	100%		
Properties <u>with</u> Permit Issued:	14	20%		
Properties <u>without</u> Permit:	53	77%		
Other, no data	2	3%		

<sup>1</sup>1977 transactions sample(see Table 5 ); Bureau of Bldg. Inspection.

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TABLE 8

<u>Holding Time Before Sale</u> <sup>1</sup>	Aver. Permit Value	Aver. Profit
0-1 year	\$3500	\$57,000
1-2 years	2995	45,000
2-3	1650	37,250
3-4	ND	0
4-5	ND	
5+	1950	59,300

Average Permit Value: \$2507 (High 10,00--Low 625)

Average Profit-Holder: 51,035

Average Profit Non-permit Holder: 32,011

<sup>1</sup>Source: see Table 5 .

TABLE 9

TURNOVER RATES<sup>1</sup> ALL RESIDENTIAL<sup>2</sup> PROPERTIES SFRecorded as Having Been Sold:<sup>3</sup>

<u>Only Before</u> 1970	67%
Sold Once 1970 to 77	14%
Sold <u>Two</u> or <u>More</u> Times 70-77	<u>19%</u>
	100%

<sup>1</sup> Based on a random sample of 393 from all residential properties Information from Realdex, Sales Ledger-Assessor's Office, Deeds-Recorder's Office.

<sup>2</sup> Includes single and multi-family residential properties, commercial/residential; excludes industrial, commercial and vacant, etc.

<sup>3</sup> Does not include all transactions, but only (taxable) sales.

TABLE 10

HIGHER TURNOVER PROPERTY BY TYPE OF STURCTURE<sup>1</sup>

	% in High Turnover Group	% in City
Single family	51%	72%
Two-family	22%	14%
Multi-family	22%	13%
Other, no data	5%	

<sup>1</sup> Source: Properties that sold two or more times 1970 to 77, from random sample of all residential properties citywide, see Table 9 above.

KGO/radio = 6:00 - Sunny Austin

5/14/78

Intro: l + mod  
home-owners + renters } costs + spec.  
SFHC = ?

Define speculation:  
Is there speculation?

Define ordinance: 1) appeals Board  
2) historic + non-historic  
3) new construction  
4) any improvements w/perm.

- inflation '72-'77: CPI = 50%, RE Res. Council = 151%  
- housing costs '67-'77: 180% } 263%  
- speculation

77 sample: 20% had  
hab. permits; av.  
rent value = \$507  
res. profit = \$51,035  
- 10% mort.  
- N. Cal. = \$20,000 above nat'l aver.  
115% annual cost incr. = sales w/in 1st year  
64% = 2nd year

→ short-term turnovers (under 5 yrs) = 55% of  
all sales; 40% in 1972

→ deeds recorded: Jan. - 1451  
Feb. - 1571  
Mar. - 1909 = 30% incr.  
= rise in summer

→ bursts renters + homeowners: assessments +  
market value  
- Assessor Joseph C. Tunney = res. pop. ↑ 20%;  
in last wk of June

→ over? = high plateau; cycles (chart); we've  
got them scared w/ taxes + publicity

→ Horror Stories (140+) → p.  
= EG's (Chinatown)  
= olits + fear  
= flyers; Tillman + cold calls

Effect of tax:  
- hurt b'ing = no l + mod anyway  
+ exempts new construction  
- supply + demand = more demand because  
potential own-ers not competing w/ speculators

Ray Brown = VP + Res. Manager for  
Coldwell Banker

= ~~Chic~~ Board of Realtors,  
Ch., Gov't Relations Comm.

= 724-726 Lake St.

\$219,500 for 2-6 room flats

1/31/78 ~~Examiner~~

---

~~Assessor Joseph C. Tenney~~ → res. prop. sold  
~~was an aver. of 24%~~  
→ ~~last year~~ in June

S + L Asso. → 24% of homes bought  
in 1977 = under 30 yrs.

assessments

KED / notes = C. 100 - grand paper

2/10/76



Precedents: stock market anti-spec.  
Sherman anti-trust Act

S+C Assoc. study  $\rightarrow$  24% of homes bought in 1977  
= under 36 yrs. old

Ray Brown = VP + Res. Manager for Coldwell  
Bancker

= Ch. Gov't Relations Comm. of  
SF Board of Realtors

= 724-226 Lake St.

\$219,500

2-6 rm flats

} 1/31/78 Exam.

AM-SF

5/11/78

\* h + mod  
Intro = low owners & renters, etc.  
Define "speculation":

SFHC = ?

Is there speculation?

- inflation } 1972-77: CPI = 50%, RE Rev. Cam.  
- h'ing costs } 10% mort.   
- speculation } U. Cal = 20,000+   
mort 26% (or)   
avg. of few   
"   
151%

1967-1977 - CPI = 180%  
RE = 263%

annual cost incr.

→ 115% sale w/in first year  
64%

→ short-term turnovers (under 5 yrs) = 55%  
of all sales, 40% ~~in~~ in 1972.

→ Deeds recorded: Jan. 1951  
Feb. 1971  
Mar. 1989

30% incr.

→ summer = ↑

→ over? = high plateau; cycling; we've got 'em scared.

Horror stories:

chart

Effect of tax:

- hurt h'ing? = no h + mod inc. h'ing anyway  
+ not cover new const.

- supply & demand = more demand cause potential owner not competing w/ speculators

(Spec → sample of 1977 = 20% = rehab. permits; aver. permit value = \$2507, aver. profit = \$51,035)

Precedents: stock-market anti-speculation  
Shoreline Anti-Trust U. T.

Tenement at 858 Washington St., owned by same man as  
 a long Hotel. Purchased by him in Oct. 77 for \$4.48 million;  
 ts, wh. were \$80-90 for single room, etc → up \$30-40/mo. On  
 sheet for \$2.4 million. Tenants evicted. Improvements = stucco  
 out, hall paint, & few windows.

SAN FRANCISCO HOUSING COALITION

- SPECULATION RESEARCH -

ADDRESS DATE PRICE- RE-HAB PERMITS

- 1670 Alabama Mission	3/77 10/77	41,000 60,000	<u>7 mo</u>	none
- 31 Abbey Mission	6/77 10/77	45,000 66,000	<u>4 mo</u>	none
1930 -34 Folsom Mission	12/76 8/77	65,000 100,00		4000
10 Hill Castro	8/76 10/77	70,000 115,000		none
1418 24th st. Mission	4/77 10/77	65,000 83,500		none
61 Hartford Castro	6/73 12/74	20,000 40,000		none
4244 23rd st Noe Valley	5/75 9/76	39,500 59,000		none
408 Sanchez Castro	2/71 6/73	26,500 43,500		none
1210 York Mission	10/77 1/78	75,000 84,000	<u>3 mo</u>	( none rent tripled )
1325 Guerrero Mission	12/74 10/77	76,000 159,000		1000
- 47-49 LaPidge Mission	4/76 10/77	36,500 69,000	<u>18 mos</u>	none
134 Albion Mission	3/76 9/77	85,000 140,000		none
3233-35 23rd st. Mission	7/74 6/77	33,000 64,000		1000
2927-29 Folsom Mission	4/75 3/77	47,000 84,000		none
136-38 27th st. Noe Valley	12/13/76 12/13/76	52,000 85,000		none

4069 24th st. Noe Valley	4/30/76 5/4/76	115,000 135,000	none
3928 23rd st. Noe Valley	11/76 9/77	69,000 85,500	none
50 20th ave. Richmond	12/75 9/77	115,000 155,000	none
475-7 4th ave. Richmond	5/73 11/77	46,000 100,500	none
135 16th ave. Richmond	10/75 9/77	87,000 127,000	975
3038 -40 Anza Richmond	2/72 3/73	25,000 39,500	none
414 12th ave. Richmond	10/74 10/77	38,500 68,500	not available
700 12th ave. Richmond	6/70 7/72 7/74 6/77	62,500 125,000 154,000 265,000	not available
416 Broderick Haight	11/76 9/77	82,000 137,500	none
76--78 Delmar Haight	3/75 11/77	59,000 112,000	none
791 Ashbury Haight	1/74 11/74 10/76	44,000 70,000 140,000	none
212 Frederick Haight	5/74 4/76 11/76	50,000 66,000 89,000	6000
166 Carl Haight	5/75 4/77	56,000 106,000	none
1339 Waller Haight	4/73 8/76	46,000 101,000	none
217-15 Downey Haight	6/75 10/77	34,000 83,000	none
280-84 Frederick Haight	10/72 3/74 10/76	19,500 57,000 122,000	none
3559 17th st. Mission	5/77 6/77	156,000 187,000	none

3004-6 18th st.	2/77	25,000	none
Mission	3/77	34,000	
142-46 Guerrero	11/76	106,000	3000
Mission	5/77	175,000	
220 Hartford	9/76	52,500	10,000
Mission	11/77	106,000	
559a-b Sanchez	5/77	95,000	none
Castro	9/77	110,500	
3012-14 25th st.	5/77	58,000	none
Mission	10/77	70,000	
163 Belvedere	2/73	33,000	1800
Haight	2/75	52,000	
	2/77	102,000	
403 Banks	7/77	39,000	none
Bernal Heights	9/77	45,000	
36 bache	8/77	40,000	none
Bernal Heights	10/77	55,000	
148 Bennington	3/74	12,500	none
Bernal Heights	10/77	25,000	
334 Winfield	10/70	13,000	4600
Bernal Heights	10/77	55,000	
25 Winfield	4/75	17,500	none
Bernal Heights	9/76	25,000	
	1/77	31,800	
	9/77	38,000	
179 Elsie	12/75	35,000	none
Bernal Heights	6/77	60,000	
716--20 Fillmore	10/75	45,500	none
Fillmore	10/76	65,000	
	6/77	110,000	
18 Castro	8/72	45,000	none
Duboce	10/77	102,000	
832-36 Page	10/75	55,000	none
Fillmore	11/76	97,000	
451 Hyde	2/76	105,000	none
Tenderloin	10/77	129,000	
1250 Clay	8/76	33,500	2000
Nob Hill	10/77	55,000	

196 Carnelian	6/77	106,000	none
Diamond Heights	8/77	117,000	
249-53 Corbett	6/73	76,000	none
Twin Peaks	11/77	162,000	
673 Chenery	11/76	89,500	none
Glen Park	9/77	130,000	
385 Head	3/76	38,500	none
Ingleside	9/77	54,000	
262 Granada	5/77	30,000	none
Ingleside	10/77	50,000	
366 Arlington	4/77	39,000	none
Glen Park	8/77	55,000	
1556 Filbert	1/73	150,000	6200
Marina-Russian Hill	1/78	364,000	
2200 Sacramento	5/75	62,500	none
Pacific Heights	9/77	87,500	
2916 Sacramento	5/76	125,000	none
Pacific Heights	3/77	170,000	
245 Naglee	10/75	62,500	none
Crocker-Amazon	9/77	95,000	
1 Nahua	3/73	33,700	none
Crocker -Amazon	11/75	50,400	
509 Connecticut	9/71	19,000	none
Potrero	9/77	49,000	
842 31st ave	9/64	34,000	1800
Sunset-Parkside	9/77	96,000	
2410 40th ave	9/71	32,000	625
S-P	9/77	83,000	
2449 45th ave	7/70	27,500	none
S-P	9/77	72,500	
1574 39th ave	8/71	30,000	1100
S-P	9/77	92,500	
96 Inverness	10/74	45,000	none
S--P	9/77	74,000	
3421 Kirkham	4/65	41,000	1700
S-P	9/77	122,500	
108 Madrone	8/75	47,000	1500
S-P	11/77	71,500	

2110 42nd ave. S-P	8/75 11/77	47,000 71,500	1500
1619 -21 48th ave. S-P	7/74 11/77	55,000 90,000	none
2130 44th ave. S-P	10/66 9/77	25,000 64,000	none

PEOPLE'S LAW SCHOOL INTENSIVE SPECULATION SURVEY

(area bounded by Mission and Folsom, 22nd and 26th )

792 Capp	11/4/68 11/19/68	5000 19,000	none
727-29 Capp	7/74 9/74 6/75	18,000 33,000 51,000	none
1060 s. van Ness	10/75 8/76 12/77	50,000 65,000 130,000	none
824 Shotwell	1/76 4/77	48,000 63,000	none
868 Shotwell	5/76 4/77	65,000 80,000	none
876-78 Shotwell	5/75 5/76	33,000 52,000	none
3031-33 22nd st,	6/76 12/76 11/77	11,000 19,000 166,000	124,800
3021 22nd st.	10/77 1/78	40,000 84,000	4500
2716 Folsom	9/68 12/69	4000 27,000	none
2750-52 Folsom	5/77 1/78	85,000 107,000	none
3156-58 24th	11/76 5/77	64,000 83,000	none
924 shotwell	9/68 4/69	2000 18,000	none
2756 Folsom	9/75 11/75	31,000 55,000	none
1248 S.Van Ness	3/77 10/77	76,000 95,000	none

887-91 Capp	4/76 12/76	54,000 74,000	none
1284 S VanNess	11/77 12/77	33,000 39,000	none
906 Capp	2/72 12/72	28,000 36,000	none
952 Capp	5/73 10/75	42,000 58,000	none
3384-86 25th	5/75 10/75	37,000 55,000	none
1080 Shotwell	6/77 7/77	75,000 82,000	none
3272 25th	9/73 4/75 same day	10,000 33,000 37,000	695
3270 25th	1/76 5/77	27,000 45,000	none
1371 S.VanNess	2/71 1/72	30,000 46,000	none
3171-73 24th	4/71 2/72	20,000 32,000	none
3165 24th	4/71 8/71 1/74 1/76	29,000 36,000 49,000 65,000	500
2850 -52 Folsom	12/71 1/73 4/74	4000 32,000 35,000	none
2886-88 Folsom	2/74 4/77	38,000 63,000	none
1045 Shotwell	10/76 11/76	44,000 55,000	none
3111 24th	11/68 12/68 9/72	9000 13,000 28,000	1800
1106 S van Ness	3/67 11/70	2500 37,000	500
1110 S VanNess	1/69 3/70	8000 65,000	none
1126 S Van Ness	11/75 9/77 2/78	55,000 120,000 150,000	none



1150-52 S VAN Ness	8/67	6000	2000
	6/68	28,000	
	6/73	35,000	
	9/74	44,000	
	1/76	55,000	
1186 S Van Ness	7/76	58,000	none
	6/77	155,000	

TENANT HORROR STORIES  
( from S.F. Tenants Union )

2750 B Folsom -	rent increased \$100 to \$160 to \$300
1235 Bay #9	rent \$190 , sold, to \$395
1210 York	64 years old, fixed income 125 to 375
183 Noe	7yr. resident , 6 kids -- on kidney dialysis machine, must live near hospital - evicted
682 Waller	280- 418 - alledged racial discrimination
1556 Filbert	295-375
795 geary	80-120 increase plus deposit required, mostly elderly
1075 Treat	185 up tp 275
1725 Turk	Disabled Vet- complained about garbage -verbally harassed and served 30--day eviction notice
119 Haight	rent 115 plus 15 plus 25 plus 25 over one year
1275A Rhode Island	from 155 to 250 over 5 months
2804 Anza	185 to 275
495 3rd ave	160 to 195 to 235 in 4 months, 2 new owners
114 Franklin	165-250
5020 California	increased from 210 to 350 for single apts., elderly on fixed income
570 Page	4/76 rent 89 2/77 rent 170

361 Howth	rent 135 to 150 to 175 to 200 over year
35 Homestead	175 to 450
425 Liberty	325 to 425, no heat, roof leaks
520 Laguna	150 to 300
2634 Octavia	150/175 to 400/425
4035 24th st.	300 to 450
165 Germania	200 up to 280
1249 Willard	190 to 400 ( prior to renovation )
173 Chattanooga	200 to 300
152 2nd ave	83 yr -old widow, resident of same apt. 42 years rent up from 180 to 350
2140 Taylor	multiple increases totaling \$155
116 Belvedere	175 to 265
1446 Washington	210 to 300
159 Bartlett	145 up tp 245

SAN FRANCISCO HOUSING COALITION

- SPECULATION RESEARCH -

ADDRESS	DATE	PRICE	RE-HAB PERMITS
3951 17th st. Castro	9/68 <del>5/69</del> 5/71	69,000 255,000	no permits filed
1670 Alabama Mission	7/76 <del>3/77</del> 10/77	520,000 41,000 60,000	none
31 Abbey Mission	6/77 10/77	45,000 66,000	none
1930 -34 Folsom Mission	12/76 8/77	65,000 100,00	4000
10 Hill Castro	8/76 10/77	70,000 115,000	none
1418 24th st. Mission	4/77 10/77	65,000 83,500	none
61 Hartford Castro	6/73 12/74	20,000 40,000	none
4244 23rd st Noe Valley	5/75 9/76	39,500 59,000	none
408 Sanchez Castro	2/71 6/73	26,500 43,500	none
1210 York Mission	10/77 1/78	75,000 84,000	( none rent tripled )
1325 Guerrero Mission	12/74 10/77	76,000 159,000	1000
47-49 LaPidge Mission	4/76 10/77	36,500 69,000	none
134 Albion Mission	3/76 9/77	85,000 140,000	none
3233-35 23rd st. Mission	7/74 6/77	33,000 64,000	1000
2927-29 Folsom Mission	4/75 3/77	47,000 84,000	none
136-38 27th st. Noe Valley	12/13/76 12/13/76	52,000 85,000	none

Directory of Ophthalmology  
Continuing Education Activities in California

The Directory of Ophthalmology Continuing Education Activities in California presents information regarding ophthalmology courses, programs and meetings sponsored by organizations approved by the California Medical Association (CMA). For reference, information regarding selected meetings of regional and national ophthalmology organizations is also provided. The Directory is prepared by the CMA Ophthalmology Advisory Panel and distributed quarterly by the California Medical Association to all CMA member ophthalmologists in the state.

Information is presented as it is submitted to the Committee on Continuing Medical Education of the Ophthalmology Advisory Panel. All CMA approved sponsors of ophthalmology courses, programs and meetings are invited to participate in this Directory by submitting information, in accordance with the established format, to: Ophthalmology Advisory Panel Committee on Continuing Medical Education, California Medical Association, 731 Market Street, San Francisco, California 94103.

Directory activities commenced several years ago when members of the CMA Ophthalmology Advisory Panel recognized the need for a single comprehensive source of ophthalmology continuing education activities to facilitate educational planning, to minimize redundancy of subject material, and to avoid inadvertent conflict in schedule. With a committee under chairmanship of Dr. Rush M. Blodgett and Dr. George K. Kambara, initial issues of the Directory were prepared with the aid and cooperation of Allergan Pharmaceuticals and distributed to CMA Ophthalmology Advisory Panel members. The Directory served so effectively to coordinate activities that it is now being made available as an aid to personal planning of professional education to every CMA member ophthalmologist in California.

Ophthalmology Advisory Panel  
California Medical Association

LOCAL EYE SOCIETIES

Alta Calif. Eye Soc.- 5301 F St., Sacramento 95819  
East Bay Ophth. Soc.- 411 - 30th St., Oakland 94609  
LA Soc. of Ophth.- 1930 Wilshire Blvd., Los Angeles 90057  
Peninsula Eye Society- 2500 Hosp. Dr., Mt. View 94040  
San Diego Ophth. Soc.- Grossmont Med. Ctr., La Mesa 92041  
SF Med. Soc. Eye- 45 Castro St. San Francisco 94114  
Santa Barbara Opht. So- 5333 Hollister Ave., Santa Barbara 93114  
Tri County Soc of Oph- 345 Terracina, Redlands 92373

CMA CONTINUING EDUCATION AWARD

To receive the CMA certificate in continuing medical education a physician must complete a total of 200 hours in a three year period of which 75 hours must be accredited as Category I. California State License require 25 hours per annum.

AMA CONTINUING EDUCATION AWARD

A total of 150 credit hours must be obtained over a three year period with a minimum of 60 credit hours being in Category I.

4069 24th st. Noe Valley	4/30/76 5/4/76	115,000 135,000	none
3928 23rd st. Noe Valley	11/76 9/77	69,000 85,500	none
50 20th ave. Richmond	12/75 9/77	115,000 155,000	none
475-7 4th ave. Richmond	5/73 11/77	46,000 100,500	none
135 16th ave. Richmond	10/75 9/77	87,000 127,000	975
3038 -40 Anza Richmond	2/72 3/73	25,000 39,500	none
414 12th ave. Richmond	10/74 10/77	38,500 68,500	not available
700 12th ave. Richmond	6/70 7/72 7/74 6/77	62,500 125,000 154,000 265,000	not available
416 Broderick Haight	11/76 9/77	82,000 137,500	none
76--78 Delmar Haight	3/75 11/77	59,000 112,000	none
791 Ashbury Haight	1/74 11/74 10/76	44,000 70,000 140,000	none
212 Frederick Haight	5/74 4/76 11/76	50,000 66,000 89,000	6000
166 Carl Haight	5/75 4/77	56,000 106,000	none
1339 Waller Haight	4/73 8/76	46,000 101,000	none
217-1 1/2 Downey Haight	6/75 10/77	34,000 83,000	none
280-84 Frederick Haight	10/72 3/74 10/76	19,500 57,000 122,000	none
3559 17th st. Mission	5/77 6/77	156,000 187,000	none

Directory of Ophthalmology  
Continuing Education Activities in California

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3004-6 18th st. Mission	2/77 3/77	25,000 34,000	none
142-46 Guerrero Mission	11/76 5/77	106,000 175,000	3000
220 Hartford Mission	9/76 11/77	52,500 106,000	10,000
559a-b Sanchez Castro	5/77 9/77	95,000 110,500	none
3012-14 25th st. Mission	5/77 10/77	58,000 70,000	none
163 Belvedere Haight	2/73 2/75 2/77	33,000 52,000 102,000	1800
403 Banks Bernal Heights	7/77 9/77	39,000 45,000	none
36 bache Bernal Heights	8/77 10/77	40,000 55,000	none
148 Bennington Bernal Heights	3/74 10/77	12,500 25,000	none
334 Winfield Bernal Heights	10/70 10/77	13,000 55,000	4600
25 Winfield Bernal Heights	4/75 9/76 1/77 9/77	17,500 25,000 31,800 38,000	none
179 Elsie Bernal Heights	12/75 6/77	35,000 60,000	none
716--20 Fillmore Fillmore	10/75 10/76 6/77	45,500 65,000 110,000	none
18 Castro Duboce	8/72 10/77	45,000 102,000	none
832-36 Page Fillmore	10/75 11/76	55,000 97,000	none
451 Hyde Tenderloin	2/76 10/77	105,000 129,000	none
1250 Clay Nob Hill	8/76 10/77	33,500 55,000	2000

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196 Carnelian	6/77	106,000	none
Diamond Heights	8/77	117,000	
249-53 Corbett	6/73	76,000	none
Twin Peaks	11/77	162,000	
673 Chenery	11/76	89,500	none
Glen Park	9/77	130,000	
385 Head	3/76	38,500	none
Ingleside	9/77	54,000	
262 Granada	5/77	30,000	none
Ingleside	10/77	50,000	
366 Arlington	4/77	39,000	none
Glen Park	8/77	55,000	
1556 Filbert	1/73	150,000	6200
Marina-Russian Hill	1/78	364,000	
2200 Sacramento	5/75	62,500	none
Pacific Heights	9/77	87,500	
2916 Sacramento	5/76	125,000	none
Pacific Heights	3/77	170,000	
245 Naglee	10/75	62,500	none
Crocker-Amazon	9/77	95,000	
1 Nahua	3/73	33,700	none
Crocker -Amazon	11/75	50,400	
509 Connecticut	9/71	19,000	none
Potrero	9/77	49,000	
842 31st ave	9/64	34,000	1800
Sunset-Parkside	9/77	96,000	
2410 40th ave	9/71	32,000	625
S-P	9/77	83,000	
2449 45th ave	7/70	27,500	none
S-P	9/77	72,500	
1574 39th ave	8/71	30,000	1100
S-P	9/77	92,500	
96 Inverness	10/74	45,000	none
S--P	9/77	74,000	
3421 Kirkham	4/65	41,000	1700
S-P	9/77	122,500	
108 Madrone	8/75	47,000	1500
S-P	11/77	71,500	

SUMMARY ANNUAL REPORT  
RETIREMENT PLAN FOR EMPLOYEES OF  
CALIFORNIA MEDICAL ASSOCIATION  
AND COMPONENT SOCIETIES

The Retirement Plan for Employees of California Medical Association and Component Societies is administered by the California Medical Association located at 731 Market St., San Francisco, CA 94103, telephone (415) 777-2000. This plan provides retirement benefits to eligible employees.

This Plan is funded through a group annuity contract of the deposit administration type with the Travelers Insurance Company. A summary of financial information is shown on the following schedule from the annual report filed with the Department of Labor:

Balance at beginning of policy year, 1-1-76		\$294,070.00
Additions:		
Contributions deposited during year	\$88,096.00	
Interest credited during year	30,101.00	
Total Additions		118,197.00
Total of balance and additions		412,267.00
Deductions:		
Administrative expenses	2,062.00	
Annuity payments	4,222.00	
Total deductions		6,284.00
Balance at end of policy year, 12-31-76		<u>\$405,983.00</u>

This summary is prepared in accordance with generally accepted accounting principles. There was no material change in plan benefits during the year. Past service costs of the plan are being paid over 40 years. If the plan were to be terminated, benefits are insured by a government agency. Plan assets would be distributed to retirees, vested participants, and non-vested participants in that order. A letter of favorable determination has been received from the IRS for this plan.

Plan participants and beneficiaries may obtain copies of the more detailed annual report for a reasonable charge, or inspect it without charge. To obtain a copy of the annual report write to the administrator. The administrator will state the charge for this document on request, so that you can find out the cost before ordering. The document can be examined at the office of the Administrator.

9/30/77

2110 42nd ave.	8/75	47,000	1500
S-P	11/77	71,500	
1619 -21 48th ave.	7/74	55,000	none
S-P	11/77	90,000	
2130 44th ave.	10/66	25,000	none
S-P	9/77	64,000	

PEOPLE'S LAW SCHOOL INTENSIVE SPECULATION SURVEY

(area bounded by Mission and Folsom, 22nd and 26th )

792 Capp	11/4/68	5000	none
	11/19/68	19,000	
727-29 Capp	7/74	18,000	none
	9/74	33,000	
	6/75	51,000	
1060 s. van Ness	10/75	50,000	none
	8/76	65,000	
	12/77	130,000	
824 Shotwell	1/76	48,000	none
	4/77	63,000	
868 Shotwell	5/76	65,000	none
	4/77	80,000	
876-78 Shotwell	5/75	33,000	none
	5/76	52,000	
3031-33 22nd st,	6/76	11,000	124,800
	12/76	19,000	
	11/77	166,000	
3021 22nd st.	10/77	40,000	4500
	1/78	84,000	
2716 Folsom	9/68	4000	none
	12/69	27,000	
2750-52 Folsom	5/77	85,000	none
	1/78	107,000	
3156-58 24th	11/76	64,000	none
	5/77	83,000	
924 shotwell	9/68	2000	none
	4/69	18,000	
2756 Folsom	9/75	31,000	none
	11/75	55,000	
1248 S.Van Ness	3/77	76,000	none
	10/77	95,000	

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9/30/77

887-91 Capp	4/76 12/76	54,000 74,000	none
1284 S VanNess	11/77 12/77	33,000 39,000	none
906 Capp	2/72 12/72	28,000 36,000	none
952 Capp	5/73 10/75	42,000 58,000	none
3384-86 25th	5/75 10/75	37,000 55,000	none
1080 Shotwell	6/77 7/77	75,000 82,000	none
3272 25th	9/73 4/75 same day	10,000 33,000 37,000	695
3270 25th	1/76 5/77	27,000 45,000	none
1371 S. VanNess	2/71 1/72	30,000 46,000	none
3171-73 24th	4/71 2/72	20,000 32,000	none
3165 24th	4/71 8/71 1/74 1/76	29,000 36,000 49,000 65,000	500
2850 -52 Folsom	12/71 1/73 4/74	4000 32,000 35,000	none
2886-88 Folsom	2/74 4/77	38,000 63,000	none
1045 Shotwell	10/76 11/76	44,000 55,000	none
3111 24th	11/68 12/68 9/72	9000 13,000 28,000	1800
1106 S van Ness	3/67 11/70	2500 37,000	500
1110 S VanNess	1/69 3/70	8000 65,000	none
1126 S Van Ness	11/75 9/77 2/78	55,000 120,000 150,000	none

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	6/68	28,000	
	6/73	35,000	
	9/74	44,000	
	1/76	55,000	
1186 S Van Ness	7/76	58,000	none
	6/77	155,000	

TENANT HORROR STORIES  
( from S.F. Tenants Union )

2750 B Folsom -	rent increased \$100 to \$160 to \$300
1235 Bay #9	rent \$190 , sold, to \$395
1210 York	64 years old, fixed income 125 to 375
183 Noe	7yr. resident , 6 kids -- on kidney dialysis machine, must live near hospital - evicted
682 Waller	280- 418 - alledged racial discrimination
1556 Filbert	295-375
795 geary	80-120 increase plus deposit required, mostly elderly
1075 Treat	185 up tp 275
1725 Turk	Disabled Vet- complained about garbage -verbally harassed and served 30--day eviction notice
119 Haight	rent 115 plus 15 plus 25 plus 25 over one year
1275A Rhode Island	from 155 to 250 over 5 months
2804 Anza	185 to 275
495 3rd ave	160 to 195 to 235 in 4 months, 2 new owners
114 Franklin	165-250
5020 California	increased from 210 to 350 for single apts., elderly on fixed income
570 Page	4/76 rent 89 2/77 rent 170

# Health Tips

... a publication of the California Medical Education and Research Foundation, prepared and edited by physician members of the California Medical Association.

731 Market Street San Francisco, California 94103

Index 126 - January 1978

## Does your child have repeated colds and bronchitis -- or is it allergic asthma?

Asthma is a form of allergy in which the reaction is localized in the lungs. Sometimes it takes the form of attacks of very difficult breathing. In its milder form, the child coughs and occasionally wheezes, particularly at night.

Like other allergies, asthma is caused by an abnormal sensitivity to specific substances (allergens). A substance which is totally harmless to one person may create an allergic reaction in another. The most common type of allergen in asthma is an inhalant such as house dust, pollen or animal dander. Foods or beverages also can act as allergens.

The child who has one form of allergic response is quite likely to develop others. For example, an asthmatic child frequently has had eczema in infancy and usually has allergic rhinitis, which takes the form of chronic stuffiness, sneezing and itching of the nose.

Although asthma almost always can be managed successfully, many families fail to treat it for years for two reasons:

First, the combination of asthma and allergic rhinitis creates symptoms which often are mistaken for respiratory infections. The child sneezes, coughs and may even run a fever. As a result, the parents mistakenly think the child has a head cold which has gone into the chest, and the child is treated repeatedly as having bronchitis or pneumonia rather than asthma. Every child is sure to have an occasional head cold but the child with continuous or recurrent attacks of "colds," cough and chest mucus should be examined for a possible unrecognized asthma.

Second, there is a widespread belief that children outgrow asthma when they reach adolescence. Sometimes they do, but follow-up studies on large groups of asthmatic children show that only about one third of these children stop having asthma completely. Another third continue to have intermittent asthma and about one third become chronic asthmatics. Waiting to see if a child will "outgrow" asthma may expose the child to years of unnecessary discomfort and undermine his or her general health.

The first step in treating a child's asthma is to find out to what substances he or she is allergic. Two methods are available -- careful observation and allergy testing. Doctors rely heavily on the cooperation of parents in the first process. Parents should observe carefully all the conditions and circumstances under which the child

(over)



361 Howth	rent 135 to 150 to 175 to 200 over year
35 Homestead	175 to 450
425 Liberty	325 to 425, no heat, roof leaks
520 Laguna	150 to 300
2634 Octavia	150/175 to 400/425
4035 24th st.	300 to 450
165 Germania	200 up to 280
1249 Willard	190 to 400 ( prior to renovation )
173 Chattanooga	200 to 300
152 2nd ave	83 yr -old widow, resident of same apt. 42 years rent up from 180 to 350
2140 Taylor	multiple increases totaling \$155
116 Belvedere	175 to 265
1446 Washington	210 to 300
159 Bartlett	145 up tp 245

ALSO HAVE COPY OF 1977 AT 001 OF 001 JUNE

001 OF 17

001 OF 17, 001 OF 17, 001 OF 17

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001 OF 17, 001 OF 17, 001 OF 17

001 OF 17

November 29, 1977

001 OF 17, 001 OF 17, 001 OF 17

Dear Doctor:

California Medical Association is pleased to sponsor another series of "Establishing Yourself in Medical Practice" workshops for senior residents who plan to enter private practice. These workshops provide physicians with an understanding of the business aspects and practical problems of operating a medical practice. By training participating doctors to establish a practice which is effectively managed, the workshops assist them to focus their primary attention on providing quality patient care.

Our instructors, Conomikes Associates, Inc., are professional management consultants familiar with the problems of personnel direction, patient flow, jobs of today's doctor. Since these areas of medical practice are not normally part of a physician's academic training, the workshop program is a valuable component of a doctor's total preparation for the practice of medicine.

CMA has scheduled the following workshops during January:

January 5-6, 1978

San Diego County Medical Society  
3702 Ruffin Road, San Diego

January 10-11, 1978

California Medical Association  
731 Market Street, San Francisco

January 12-13, 1978

Los Angeles County Medical Association  
1925 Wilshire Boulevard, Los Angeles

Participation is limited to 25-30 physicians who are about to enter practice, or to those in active practice for one year or less. The registration fee of \$95 for CMA members and \$125 for non-members includes luncheons, coffee breaks and a comprehensive workbook that can be used as an office manual when the doctor begins practice. Reservations, which should be submitted directly to CMA, will be accepted in the order received.

We encourage you to participate.

*E. Kash Rose*

E. Kash Rose, M.D. President  
California Medical Association

*William Y. Fong MD*

William Y. Fong, M.D., Chairman  
Commission on Member Services

You can't afford to. If you own your own home in the City, you know what we're talking about. You watched your tax assessment double this year. You've seen the assessed *value* of your home leap out of sight.

If you rent a place anywhere in San Francisco, you know what we're talking about too. Because you pay property tax just like the homeowner. And because you have no stake in the property, it's just more money out the window.

If you're a young couple starting out, you know better than anybody what we're talking about. You might settle for less than your dream house, but any house now costs more than your wildest dream.

And if you're a senior citizen living on a fixed income, rising rents and property taxes are a nightmare.

San Francisco's a great place to visit. But you can't live here anymore.

### **The only people who can afford to live here, don't**

They're speculators. They're not like you and me. The speculators are rich individuals. Some are members of investment groups. Some are realtors. Some are corporations. They all have a lot of money to play with. You don't.

They don't come to San Francisco to live. They come to make a killing. And they're killing San Francisco.

When a speculator buys a house, they never intend to make it a home. They just want to turn a quick profit and get out. To a speculator, your home's just a commodity, like an oil well—something to get rich quick with. They don't care what a house costs. They just want the price to go up. Fast.

And the prices go up, and up, and up. Speculators bid fiercely among themselves, with hundreds of thousands of dollars at their disposal.

There's nothing wrong with a reasonable return. But speculators are making San Franciscans pay the price.

### **The Gold Rush was never like this**

It's easy to follow the speculator's game. Just look at your property tax bill.

Speculators are making more money than ever, because housing prices are higher than ever. And going higher.

When prices go up, tax assessments go up. When a speculator makes a killing on the house down the block, you pay higher taxes on the home you're trying to keep.

You could say the speculator's profit is coming out of your pocket. Their good fortune is at your expense. The more money they make, the more taxes you pay.

That isn't fair.

### **Finally, a tax that lowers taxes**

It's called the anti-speculation tax. It'll spoil the speculator's game, and save you money. Here's how it works:

If someone buys a residential property in San Francisco and sells it for a profit in the first year (as many speculators do), the anti-speculation tax would take 80% of the net profit.

If they sell it in the second year, 60% of the net profit would go to the anti-speculation tax.

If they sell it in the third year, the tax would take 30%. In the fourth year, the tax would take 15%.

All of this in addition to the 5% transfer tax imposed by the City.

*This tax won't affect San Franciscans who own their home for at least five years.*

Clearly, the anti-speculation tax would take a lot of the profit out of real estate speculation in San Francisco. It's a tax on speculators that hits them right where they live: in the wallet.

With easy profits removed, speculators would leave San Francisco alone. The artificial market they've created would collapse. Housing prices would settle down. Tax assessments would settle down too.

Speculators would pay the price of speculation, not you. If you had to sell quickly because of illness, a new baby, a transfer out of town, or any other good reason, you would be exempted from tax by an Appeals Board. And the money from the anti-speculation tax will pay

for rehabilitating houses the rest of us could afford.

The anti-speculation tax is only fair.

### **We all pay what the speculators call profit**

Skyrocketing home prices and tax assessments are everybody's problem. Every neighborhood has been hurt by speculation. We think the choice is simple. Either we tax the speculator, or we tax ourselves.

Think it over.

### **Here's what you can do**

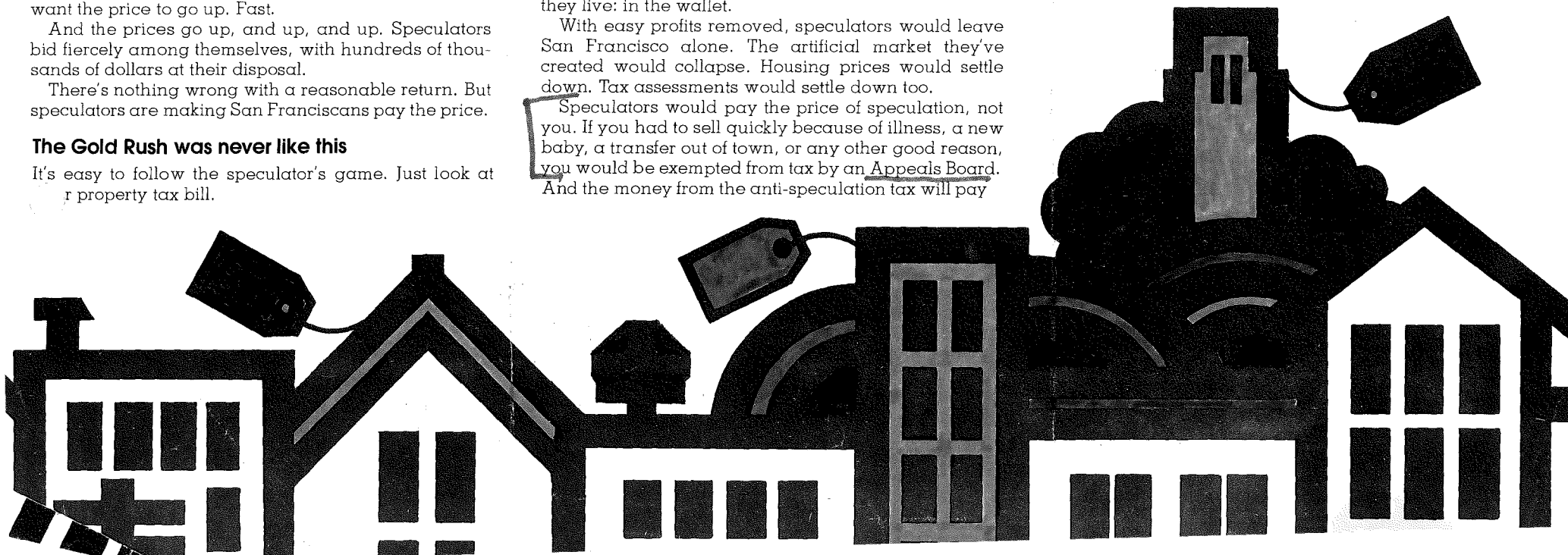
Make sure your new district supervisor knows how you feel about real estate speculation. Write or call. You can get the home address of your district supervisor by calling the Clerk of the Board of Supervisors at 558-3184.

Talk to your friends and neighbors about the price speculators are making us pay. If you belong to a neighborhood association, have them take a stand on this important issue. Talking about a problem is the first step to doing something about it.

And support the San Francisco Housing Coalition. We're a democratic coalition of over fifty community and neighborhood organizations who want to do something about the housing crisis. We're working hard to take the profit out of real estate speculation.

The Housing Coalition can supply speakers and information about Speculators and the Housing Crisis in San Francisco. Call us at 397-8589.

(S.F. Information Clearinghouse)





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San Francisco

labor donated

Design by Sherman Gee/Produced by Public Media Center

**You can't  
live in  
San Francisco  
anymore...**



March 29, 1978



944 Market Street • Room 701 • San Francisco, Ca. 94102 • 397-8589

## SUMMARY OF THE SAN FRANCISCO HOUSING COALITION'S RESEARCH INTO REAL ESTATE SPECULATION IN SAN FRANCISCO

### Introduction:

Beginning in the Fall of 1977 several housing and community groups in San Francisco came together to form the San Francisco Housing Coalition. One of the top items on the agenda for the Coalition was the problem of speculation in housing properties. Members of the Coalition were familiar with stories of huge rent increases, rapid turnover of properties, and large scale neighborhood dislocation. Speculation was defined as rapid turnover of housing properties in 5 years or less resulting in large profits, much higher rents, taxes and housing prices. An anti-speculation tax was proposed by the Coalition. To document the problem the Coalition assembled a large number of volunteers and cooperating groups to pull together the data. There were two large sections to this effort. One, summarized in this report, was to collect and analyze data on the citywide aspects of the problem. The other was to document the immediate case studies of speculation.

### Results

Some of the results of our research:

1. Speculation is real and widespread in the City of San Francisco. It can and has been documented.
2. The huge inflationary surge in San Francisco cannot be attributed merely to population and income changes.
3. Speculation has increased in the last few years and rapid turnover of property has increased and is pushing up the entire housing market.
4. The effects of speculation are citywide and the number of neighborhoods directly impacted is increasing.
5. That property turnover and the high rate of inflation are now on a high plateau with no signs of returning to normal following the incredible speculative boom of early 1977.
6. That it is a myth that speculation is at least accompanied by substantial rehabilitation. We cannot find the building permits to justify this.

7. That the anti-speculation tax proposed by the Coalition would be an effective way to deal with the problem provided that the rates are kept high. Low rates would be passed on--adding to inflation.

### Inflation and Speculation

The inflationary firestorm that has recently raged through the housing market of San Francisco really needs no documentation. Anyone who has looked for an apartment or home recently, or who has received a property tax or rent increase, knows all too well what is happening. The dream that many families held of owning their own single family home or of renting at reasonable rates has become just that--a dream. Decent housing, long a problem for the low income and minority groups is very difficult for even the middle classes. This is true throughout Northern California and is especially true in San Francisco. Why is this happening?

An examination of the data reveals that speculation, that is, a rapid flipping of residential properties in hopes of a quick and large profit, has become a dominant element in the ultra-inflationary market of the last few years in this city. There is no other way to explain the data.

### Root Causes of Housing Inflation

The reality of the escalation of housing costs in San Francisco cannot be explained by merely pointing at such things as the increase in population, the number of new families looking for a place to live, higher incomes, or the constant increase in the cost of living.

While it is true that "everything is going up" the cost of housing is leading the pack. The Real Estate Research Council compiles a price index for single family homes in San Francisco. The index shows that in the ten year period between 1967 and 77 prices have gone up an amazing 263.8%. This means that a house selling for 30,000 in 1967 would typically be selling for approximately 80,000 in 1977. They do not publish an index for multi-family housing--but our data tend to reveal similar runaway prices. During last year they reported that housing prices gained at an annual rate of 20 to 30% per year.

During the period from 1967 to 77 the general cost of living increased at a healthy clip, but "only" to 180% over 1967 prices. Compare this to the 263.8% above. See Chart 1 and Table 1. Housing costs are pulling up the cost of living by leading other elements in the general inflationary trend. It is instructive to see how housing costs in this city are out-running the standard measures of costs, such as the Homeownership index, (See Table 2) and how that index in turn runs ahead of the overall cost of living or Consumer Price Index for the Region.

### Population and Income

While it is certainly true that both population and income in Bay Area are still increasing, it is difficult to tie their increases to the huge jumps in San Francisco prices. In fact, in San Francisco the overall population is declining. The number of households, however, rose between 1950 and 70.

But in the period between 1970 and 75 the number decreased over 2%. Additionally, the percentage of one-person households has increased significantly. But whether the households are large or small, new or old, they cannot bid up the price of housing if they don't have the money. Eliminating the the effects of inflation, real personal income in the area has increased about 16% from 1971 to 1977. This means two things: one, since housing prices are going very much faster than incomes, more and more people are being priced out of the market; and two, other factors must account for the increase in housing costs.

Focusing on the 6 year period between 1971 and 77 now, the cost of housing as measured by the Real Estate Council's Index increased by 147% for San Francisco. At the same time overall inflation jumped by 50%. Subtracting inflation from the 147% leaves us with 97% still unexplained. It is very unlikely that a 16% increase in real personal income could account for even a 16% increase in housing costs. This is because the increased income will be spent on other things besides housing, e.g., food and clothing. Even so, this leaves us with 80% increase over 6 years unexplained. This is over 13% per year, on the average.

As startling as the increases are generally, they are as nothing compared to the increases the Housing Coalition's research reveal for high turnover properties. For properties that were held less than 1 year before sale in 1977 the annual rate of price appreciation is 115%. For speculative properties held up to 2 years before sale the annual rate is over 64%. (See Table 3). We can see from this that speculative properties are busting housing prices generally, as speculators are drawn in to out bid ordinary homeowners in an attempt to reap the super profits that these rates of appreciation mean.

#### The Surge in Transactions

The speculative surge in transaction activity can be seen graphically in Chart 1 and Table 4. These indices of real estate transaction activity are commonly used to reveal market trends. Not all deeds recorded represent actual sales, but the ratio between real sales and the total are assumed to be stable. There is no demographic or economic explanation for the sudden surge of activity in 1976 and 77. There was no population or building boom. Other Bay Area Counties did not experience this churning of the market.

Most interestingly, this big jump in Recorded Deeds corresponds to a big jump in prices. See Chart 1. A closer examination of the pattern of property turnover in the city (Table 6) shows that 1977 was not only a peak year in transactions (see Table 4 again) but also that it was a peak year for a very special kind of transaction. According to our sample 17% of sales were of properties held one year or less, and 55% of the residential sales were of properties that were held less than five years. But Table 6 tells us that this pattern is fairly new.

Back in 1972 a significantly lower percentage of sales were of fast turnover properties. In part, the surge in 1977 is the result of an acceleration of rapid buying and selling.

But, is speculation really good for us?

An argument advanced to oppose the Housing Coalition's anti-speculation ordinance is that "investors" and not speculators are responsible for the rapid turnover in residential property now being experienced in San Francisco. These "investors" buy a piece of property, the argument goes, make substantial improvements and then sell for a just profit. This development by the private sector, far from being a problem, is a benefit that the City should encourage. Thus our opponents conclude that our anti-speculation ordinance is yet another example of "government" interference which will in fact "stagnate land development".

In order to analyze this argument the Housing Coalition took a random selection of the 1977 transactions sample used in Table 5. 69 properties compose this sub-sample. These properties were then checked with the records of the Bureau of Building Inspection to determine if any building permits had been issued for these addresses. This would certainly be the case if substantial rehabilitation was occurring as our critics argue it must.

As Table 7 shows, only 14 of the properties in the sub-sample (20%) had any permits issued. Of that 14, 7 of the permits (50%) were issued on buildings held two or more years and 5 or 38% were on buildings held for over 5 years. It seems that rehabilitation on any scale is not taking place. Moreover, the average value of the permit in our sub-sample was \$2507 (with one issued for a high of \$10,000 and one for a low of \$625) a sum hardly associated with substantial rehab of buildings reaping very large and quick returns to the investor.

#### Turnover and over

Less than 10% of the approximately 140,00 structures in the city come up for sale each year. Table 9 shows that only a fraction (one-third) of the total housing stock is involved in anything like speculation. In fact it is really only 19% or so of the total that shows much real activity. But it is from this group that the really high velocity flippers are often drawn. Table 10 does show us, however that this fraction represents a larger proportion of the units, as opposed to structures in the city. An examination of this data can reveal how a relatively small number of speculators can effect the entire citywide market.

Over 11,000 sales were listed for San Francisco by the Realdex corporation in 1977. This would mean approximately 6,000 high turnover properties (5 years or less between sales).



This means further, that the effect of speculation directly impacts tens or hundreds of thousands now living in or near those structures.

### The Tax

Table 11 details a hypothetical situation where the proposed anti-speculation tax has been used in a situation similar to that prevailing in 1977. The higher the rates the more effective the tax will be. Assuming 1977 or similar situations, financially the tax should be effective.

### The Future

In 1977 the Real Estate Research Council said in its bulletin: "Present trends in the cost of both existing and new housing cannot continue indefinitely. It is particularly disturbing to recognize that the Northern California spiralling pattern is far in excess of trends in all other metropolitan areas of the nation except for Los Angeles where similar trends exist." But the housing situation remains about the same following the incredible speculative orgy of 1977. In spite of increasing interest rates, grassroots interest in curbing speculation and fear of a crash, the market remains on a high plateau. It shows no signs of returning to the "normal" days of say 1973 or 1974-even. If present trends continue, then the future is clear: San Francisco will become a city for the rich and the near rich. All others will have to leave or in staying pay more and more for less and less housing.

### Thanks

The Research summarized here represents the collective effort of many individuals and groups in the Housing Coalition. Since there was no money for this effort the effort had to rely solely on volunteers. Special thanks should go to all groups and members of the Coalition, especially to: Bay Area Planners Network, SF Tenants Union, Peoples Law School, SF Human Rights Commission, Housing Rights Study Group, Consumer Action, Elsie St. Block Club, SF Information Clearinghouse, and many others too numerous to mention.

The SF Study Center and Public Interest Economics-West participated in the establishment of the data base. We also acknowledge the assistance of faculty members and student volunteers from the Urban Studies Program of SF State University. Thanks for their cooperation to: Real Estate Research Council, Security Pacific Bank, SF City Planning Dept., Research Library of SF Federal Reserve Bank, and the SF City Assessor's and Recorder's Offices.

CHART 1

## COMPARISON OF INFLATION, HOUSING PRICES AND TRANSACTIONS

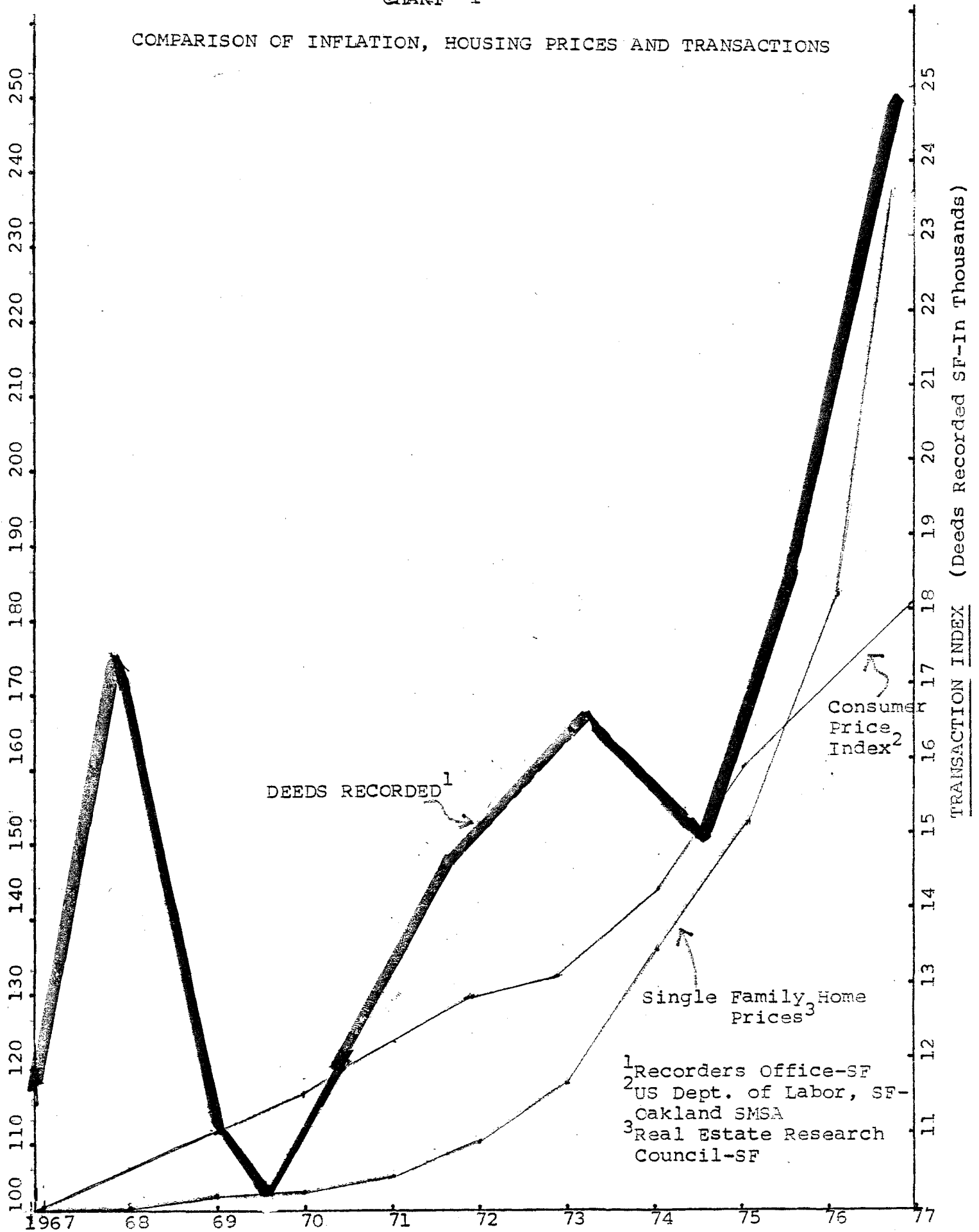


TABLE 1

## INFLATION IN THE SF HOUSING MARKET

SF MARKET TREND INDEX<sup>1</sup> 1967=100  
(Single Family Housing)

<u>Year</u>	<u>Month</u>	<u>Overall Index</u>	<u>Oct. to Oct.</u> <u>Percent Change</u>
1967	Apr.	100.0	
	Oct.	99.5	—
68	Apr.	99.5	
	Oct.	101.6	2.1
69	Apr.	101.6	
	Oct.	101.7	0.1
70	Apr.	102.0	
	Oct.	102.6	0.9
71	Apr.	104.5	
	Oct.	106.8	4.1
72	Apr.	109.8	
	Oct.	112.2	4.9
73	Apr.	115.2	
	Oct.	121.2	8.0
74	Apr.	133.9	
	Oct.	145.1	18.9
75	Apr.	153.6	
	Oct.	169.8	16.4
76	Apr.	182.4	
	Oct.	202.6	18.5
77	Apr.	236.8	
	Oct.	263.8	28.3

---

<sup>1</sup>Real Estate Research Council

TABLE 2

## INDICIES OF INFLATION

		1967=100		
United States CPI <sup>1</sup> (All Items)		San Francisco-Oakland Standard Metropolitan Statistical Area CPI <sup>1</sup> (All Items)	Rent	Homeownership <sup>2</sup>
1967	100	100	100	100
68	104.2	104.5	105.2	105.7
69	109.8	110.2	111.3	116.0
70	116.3	115.8	119.3	128.5
71	121.3	120.1	125.4	133.7
72	125.3	124.3	129.1	140.1
73	133.1	131.5	137.2	146.7
74	147.7	144.4	138.7	163.2
75	161.2	159.1	144.8	181.7
76	170.5	168.0	153.3	191.7
77	181.5	180.0	163.8	210.8

<sup>1</sup>Source: Consumer Price Index, US Dept. of Labor, includes food and clothing as well as shelter inflation.

<sup>2</sup>Includes other costs of homeowner--besides price of new housing.

Note: These indicies do not give an indication of the relative cost of living in various regions of the US, that is, even though the overall cost of living in the region has increased at about the same rate as the US. The SF-Oakland area is one of the most expensive places to live for most families according to other data from the Dept. of Labor. The rent index shows that the rate of inflation for the area in rent was less than the overall rate, but that after '76 rental inflation began to equal or exceed the overall increase in the cost of living. Data from surveys conducted by the SF City Planning Dept. show that SF rental inflation in the last 4 years exceeded the area rate.

TABLE 3

INFLATION IN SELLING PRICES HIGH TURNOVER PROPERTIES SF 1977<sup>1</sup>

Months held before sale	Average increase in Price	Average time held	Average increase per month	yearly
0 to 12	64%	6.6 months	9.6%	115%
13 to 24	94.7%	17.5	5.4%	64.8%

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<sup>1</sup>Based on random sample of 1977 transactions, see Table 5 , includes all properties in category with complete price information.

INDICIES OF REAL ESTATE TRANSACTION ACTIVITY<sup>1</sup>  
IN SAN FRANCISCO

Calendar Year	Deeds Recorded <sup>2</sup>	%Change (from previous year)		
1962	17,048			
63	19,924	+16.87%		
64	18,855	-5.36		
65	17,038	-9.6		
66	12,774	-25.00		
67	11,558	-9.00		
68	17,498	+51.00		
69	11,387	-34.00		
Fiscal Year			Deeds of Trust & Mortgages <sup>3</sup>	%Change
1969-70	10,342		9,038	
70-71	11,940	+15.45	11,917	+31.8%
71-72	14,087	+17.98	14,513	+21.28
72-73	15,893	+12.82	16,199	+11.61
73-74	16,491	+3.76	16,323	+0.76
74-75	14,885	-9.73	14,672	-10.11
75-76	18,544	+24.58	19,734	+34.50
76-77	24,703	+33.21	27,072	+37.18

<sup>1</sup>These indices do not correspond exactly to actual transactions but are useful in giving information of trends in transactions including speculation over time.

<sup>2</sup>Source: Security Pacific, SF Recorders Office.

<sup>3</sup>Source: Security Pacific.

TABLE 5

HOLDING TIME BEFORE SALE<sup>1</sup> RESIDENTIAL<sup>2</sup> PROPERTIES SOLD IN 1977 SF

<u>Holding time</u>	<u>Percentage of All Properties Sold</u>
0-1 year	17%
1-2 years	13%
2-3 years	10%
3-4 years	10%
4-5 years	5%
<hr/>	
Total Held Less Than 5 Years Before Sale	55%
Total Held More Than 5 Years Before Sale	45%

<sup>1</sup>Based on random sample of 481 properties recorded as having sold during calendar year 1977 in Realdex current transactions service ("Gold Sheets").

<sup>2</sup>Includes multi-family, single family, and commercial/residential; totaling 77% of sample; excludes vacant lots, industrial, commercial, and other properties not identified as residential or lacking complete data.

TABLE 6

## CHANGES IN HOLDING TIME BEFORE SALE 1972-77 SF

	Residential Properties Sold During:		
	1977 <sup>1</sup>	1974-76 <sup>2</sup>	1972-73 <sup>2</sup>
Held <u>Less</u> than 5 Years	55%	46%	40%
Held <u>More</u> than 5 Years	45%	54%	60%

<sup>1</sup>Based on random sample of 1977 transactions, see Table 5, Above.

<sup>2</sup>Based on random sample of all residential properties, see Table 9, below.

TABLE 7

REHABILITATION OF RAPID TURNOVER PROPERTIES SF 1977<sup>1</sup>

<u>Holding Time Before Sale</u>	<u>No. Of Properties</u> %		<u>Issued Permit</u>	
			<u>No.</u>	<u>%</u>
0-1 year	25	36%	2	8%
1-2 years	19	28	5	26
2-3	8	12	2	25
3-4	3	4	0	0
4-5	3	4	0	0
5+	<u>11</u>	<u>16</u>	5	45
	69	100%		

---

Total No. of Properties Examined:	69	100%
Properties <u>with</u> Permit Issued:	14	20%
Properties <u>without</u> Permit:	53	77%
Other, no data	2	3%

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<sup>1</sup>1977 transactions sample(see Table 5 ); Bureau of Bldg. Inspection.

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TABLE 8

<u>Holding Time Before Sale</u> <sup>1</sup>	Aver. Permit Value	Aver. Profit
0-1 year	\$3500	\$57,000
1-2 years	2995	45,000
2-3	1650	37,250
3-4	ND	0
4-5	ND	
5+	1950	59,300

---

Average Permit Value: \$2507 (High 10,00--Low 625)

Average Profit-Holder: 51,035

Average Profit Non-permit Holder: 32,011

<sup>1</sup>Source: see Table 5 .



TABLE 9

TURNOVER RATES<sup>1</sup> ALL RESIDENTIAL<sup>2</sup> PROPERTIES SFRecorded as Having Been Sold:<sup>3</sup>

<u>Only Before</u> 1970	67%
Sold Once 1970 to 77	14%
Sold <u>Two</u> or <u>More</u> Times 70-77	<u>19%</u>
	100%

<sup>1</sup> Based on a random sample of 393 from all residential properties Information from Realdex, Sales Ledger-Assessor's Office, Deeds-Recorder's Office.

<sup>2</sup> Includes single and multi-family residential properties, commercial/residential; excludes industrial, commercial and vacant, etc.

<sup>3</sup> Does not include all transactions, but only (taxable) sales.

TABLE 10

HIGHER TURNOVER PROPERTY BY TYPE OF STURCTURE<sup>1</sup>

	% in High Turnover Group	% in City
Single family	51%	72%
Two-family	22%	14%
Multi-family	22%	13%
Other, no data	5%	

<sup>1</sup>Source: Properties that sold two or more times 1970 to 77, from random sample of all residential properties citywide, see Table 9 above.

TABLE 11  
EFFECT OF ANTI-SPECULATION TAX<sup>1</sup>

<u>Rate</u>	<u>Holding time</u>	<u># of OBS.</u>	<u># Sold</u>	<u># Held</u>	<u>% Held</u>	<u>Revenue</u>
80	0 - 12	31	7	24	77.4	283.6
60	13 - 24	29	13	16	55.1	405.6
30	25 - 36	20	14	6	30	195.75
15	37 - 48	17	13	4	23	92.23
N/A	49 - 60	N/A	N/A	N/A	N/A	N/A

<sup>1</sup>Based on random sample of 1977 transactions and analysis from Public Interest Economics West; they estimate total revenue under these assumptions to be 17 to 24 million. Property is sold if yield after tax is 15% or greater.

Myth:

The Realty Industry makes the claim that the proposed transfer tax will increase the cost of housing in two ways: first, by removing housing from the market, and second, by forcing sellers to tack the tax cost on to the price tag.

Fact:

The transfer tax will, in fact, slow down the spiralling costs of housing. The effect of the steep tax will be to discourage speculators from bidding up the cost of homes - they will put their money elsewhere. The true speculator will be unwilling to tie up his or her funds for the period of time necessary to avoid payment of the tax. Thus, the tax will effect the demand for housing (by speculators), much more than the supply. And the Housing Coalition's research clearly shows that rapid turnovers, of the type which the Board of Realtors contends will lower housing costs, correlate with increasing costs.

Any tax has two parts: the base (that which is taxed), and the rate (the percentage of the base which is paid in taxes). The Housing Coalition's Anti-Speculation Tax is written in such a way that it cannot be passed on to the homebuyer. First, because the tax is levied on the seller's profit, so maximizing the profit by sticking the tax on the buyer will simply enlarge the base and thus the tax. And second, the tax - which is 80% of net profit for a sale within one year of purchase is too high to easily pass on. The Realtors are the first to point out that the market is not perfectly inelastic (that is, there are limits on what people will pay). A significant increase in cost does lead to a corresponding decrease in buyers. This, then, indicates that sellers have a price ceiling imposed by the market itself which prevents the "pass-on" of a steep tax.

Myth:

The tax will discourage home improvements.

Fact:

Any expenses which go toward non-cosmetic improvements of a home can be deducted dollar for dollar from the selling price. So a "rehabber" will not be penalized by the tax - particularly if the work takes enough time to put the property in a lower tax category.

Myth:

Sales are Decreasing and a Buyer's Market is Developing.

Fact:

Like most markets the real estate market is cyclical in nature, so if it were true that speculators are decreasing their activity they will

return as the market cools off a bit. It may be that some speculators are hanging back at the moment, but this may be explained by their fear that the party will be ended by a transfer tax. The Housing Coalition's research shows that fully 40% of all properties sold in 1977 in San Francisco had been sold within the preceding five years (source: Realdex). So any decrease in speculative activity would have to be pretty dramatic to stem the tide of increasing costs. Additionally, Bureau of Labor Statistics figures for housing costs in the San Francisco - Oakland area show huge leaps in costs every year - not the slowing or reversals to be found in a buyers market.

Myth:

Housing cost increases are the result of inflation alone.

Fact:

The facts show otherwise. According to the Real Estate Research Council, the cost of a single family home rose an astounding 263.8% between 1967 and 1977. Meanwhile, the consumer price index rose "only" 180%.

Between 1971 and 1977, real personal incomes rose 16%. In those same six years, the Real Estate Research Council reports an increase in the cost of San Francisco housing of a whopping 147%. Inflation, overall, jumped 50% in that period.

The cost of properties which turned over more than once within the past year in San Francisco rose an average of 115% per year.

It is clear that housing cost increases, rather than resulting from inflation, are leading the trend.

Myth:

It is unfair to single out real estate speculators for excess profits tax.

Fact:

Speculation in housing is very different from speculation in other markets. Housing is probably your biggest expense, and it is a necessity. When prices in food items, clothing, art or textiles go up it is relatively easy to make do with less. But housing cost increases - particularly the large increases caused by speculation - are harder to absorb and the consequences are much worse. Housing speculation causes real hardship for everybody - renters & homeowners, poor & middle class, white and non-white. Housing is too important to allow the unearned profits of a few wheeler-dealers to price everybody else out of their home.

Myth:

Housing cost increases are the result solely of foreign investors,

environmentalists, bureaucrats, land costs, natural forces, or new households (pick one).

Fact:

All of the above do cause cost increases and the transfer tax will not mitigate their effects on prices. But speculators also cause rapid increases and the tax will discourage their involvement. No single factor can be isolated as the sole cause of high housing costs, but each one has its own remedy and the tax is the remedy for the segment of cost increases caused by speculators.

Myth:

People who must sell their homes will be penalized by the tax.

Fact:

If you hold on to your property for more than five years, the new tax will not apply to you. And if you must sell for good cause, the Appeals Board will exempt the sale from any tax liability.

Myth:

The Housing Coalition's proposed tax is illegal. It is confiscatory and a local income tax, prohibited by the Revenue and Taxation Code of State of California.

Fact:

The tax is legal, according to the City Attorney. He says that the State does permit chartered cities to levy documentary transfer taxes, and that the tax is not confiscatory. He says, in his written opinion that " . . . . . a San Francisco tax on short term speculative profits from the sale of residential real estate would be upheld by the courts."

2

The working people of SF... both  
homeowners and renters... are being  
hurt severely by speculation.....

because speculators are presiding over  
the death of SF....

If anyone on the Board of Supervisors  
doubts this fact, then come to Bernal  
Heights.....

~~If you~~

Let's look at a few examples of speculation  
in our n'hood:

- 25 Winfield St.
- 155 Winfield St.

Speculators are hurting the working people  
of SF directly... <sup>they're killing our n'hoods...</sup> & they've turned  
Bernal Hts. into a vicious version of  
Let's Make a Deal:

They harass us constantly ... day after day we ~~are~~ barraged by "cold calls."

The bigger corporate realty outfits have phone banks of salespeople who call homeowners "cold!" ... (They're like tenacious vultures). ... One speculator called a woman in our n'hood, / ~~an~~ 85 year~~old~~, <sup>a</sup> 62 year resident, / who lived alone. ... ~~this~~ <sup>The home of</sup> old-time resident had recently been ~~broken into~~ ~~broken~~ broken into by ~~3~~ three men. ....

The speculator spent two calls ... playing on the woman's fears from the recent break-in ... to try and talk her into → entering a rest home ... and selling her home.

But our older n'bor (on further consideration), told ~~the spec~~ her to go to hell.

San Franciscans aren't going to stand idly by and watch speculators kill their n'hoods. . . .

Let our district-elected supervisors be warned . . . . in n'hoods all over SF, working people are mad. . . .

≡

~~We~~ We'll fight to save ~~their~~ n'hoods. . . .

≡

~~We~~ ~~we~~ ~~will~~ ~~fight~~ ~~to~~ ~~save~~ ~~our~~ ~~SF~~.

We'll fight to save our SF.



4/9/78

## Editorial Comment

San Francisco Chronicle

Richard T. Thieriot, Editor and Publisher  
Charles de Young Thieriot, Publisher 1955-77  
George T. Cameron, Publisher 1925-55  
Founded 1865 by Charles and M.H. de Young

# Vicious and Pernicious

THE FINANCE COMMITTEE of the San Francisco Board of Supervisors has lately been fighting off, with some success, one of the most vicious and pernicious housing tax proposals that has come along in years. Since the struggle isn't over yet, we think an exploration of the present battleground may perhaps be of interest and a useful warning to all cities and counties of the Bay Area.

There is a highly vocal movement of protest, here in this city, against so-called "speculation" in real estate sales. It is led by the San Francisco Housing Coalition and it packs public meetings with angry persons demanding what can only be called outright confiscation of profits on short-term real estate sales.

Several hundred shrill and agitated partisans of the movement milled around the San Francisco supervisors' chambers the other day, clamoring for consideration of their proposal for cutting into the profits of sellers of residential housing in San Francisco. While the Coalition got nowhere at that meeting, another meeting of the Finance Committee of the board is coming up next Friday at the call of Supervisor Harvey Milk which promises to be a rouser.

The San Francisco Housing Coalition sets as its goal to tax "on a progressively scaled and graduated basis the transfer of residential property bought and sold within five years."

The proposal is to work this way:

Whenever a seller turns over a residential property within one year of his purchase of it, the difference between the price paid and the price received will be taxed at 80 percent. When the sale occurs within the second year after purchase, the rate goes down to 60 percent, and scales down from that through the third, fourth and fifth years.

All this is proposed in the name of "providing for a disincentive to short-term speculation on residential property."

If an 80 percent tax is to be imposed on a short-term capital gain, we can only say that the Housing Coalition has gone a lot farther toward confiscation of profits than any Congress of the United States has gone in its treatment of capital gains on assets held short term or long term. An 80 percent tax is outrageously high, punitive and unfair. Furthermore, it wouldn't work in the way the Coalition presumably intends, for instead of opening up the housing market to sales at uninflated prices (which is what any buyer would like to see), the tendency of sellers would be to hang on to their property long enough to realize a profit beyond the reach of these vindictive rates.

We can't believe that anyone at all experienced in buying and selling in a free market — for housing, for food and clothing, for widgets

### The Raider From Delaware

DELAWARE'S GOVERNOR,  
Pierre S. du Pont IV, was in town last

5/10/78 Rec'd in Cmte. meeting

120-78-1

REMARKS PREPARED BY

JOHN BULKLEY, ARCHITECT

FOR PRESENTATION AT THE PUBLIC  
HEARING OF THE FINANCE COMMITTEE  
OF THE BOARD OF SUPERVISORS ON  
THE SUBJECT OF:

THE ANTI-SPECULATION ORDINANCE

BUT NOT DELIVERED PUBLICLY DUE  
TO LACK OF TIME AND ELIMINATION  
OF SPEAKERS BY THE COMMITTEE.

HON SUPERVISORS.

I HAVE A FEW COMMENTS ON THE SUBJECT  
OF THE ~~NEW~~ PROPOSED ORDINANCE, AND I  
THINK THE KEY POINT I WOULD LIKE  
TO MAKE IS THAT ~~THE DRASTIC PENALTIES OF THE~~ <sup>THE DRASTIC PENALTIES OF THE</sup> ~~ORDINANCE~~ <sup>ORDINANCE</sup> ~~DOES~~ & SHOWS

NO DISTINCTION BETWEEN THE CIGAR-CHEWING  
SPECULATOR AND THE SELF-EMPLOYED  
CRAFTSMAN + ~~CONTRACTOR~~ BUILDER  
WHO <sup>RENOVATES</sup> ~~RENOVATES~~ + RESTORES THE  
OLDER HOUSING OF THE CITY.

THESE ARE THE LITTLE GUYS THE  
PEOPLE WHO BY THE SKILL OF THEIR  
HANDS RE BUILD, RE WIRE RE PLUMB RE-  
PAINT AND RESTORE OUR OLD BUILDINGS  
BUT THOUGH THEY RE-EVERYTHING  
ELSE THE ORDINANCE SAYS THEY CAN'T  
RE-SELL AND MAKE A FAIR  
PROFIT. AND IF THEY CAN'T

2

DECENT  
MAKE A LIVING DOING THIS WORK  
WHO'S GOING TO DO IT? <sup>IF</sup> YOU'RE  
DOING TWO THINGS BY IGNORING  
~~THE~~ ~~GROUP~~ THESE CRAFTSMAN - AND  
THERE ARE HUNDREDS OF THEM IN  
THE CITY AND <sup>THOUSANDS</sup> ~~HUNDREDS~~ MORE  
WHO ~~ARE~~ <sup>HELP</sup> ~~EMPLOYED~~ BY THEM. IN THE WAY

FIRST YOU'RE DENYING THEM THEIR  
RIGHT TO MAKE A DECENT LIVING,  
IF THEY PUT THEIR SWEAT + BLOOD  
INTO THEIR JOBS AND THEN YOU  
SAY THAT THEY HAVE TO GIVE 80%  
OF WHAT THEY MAKE TO THE CITY, THEY'RE  
~~ARE NOT~~ NOT GOING TO REHABILITATE  
OUR OLDER HOUSING.

SECOND YOU'RE INVITING THE  
DETERIORATION OF OUR OLDER  
YOUR ORDINANCE.

4

WHAT I WOULD LIKE TO PROPOSE  
IS THAT YOU MAKE ALLOWANCE  
FOR THE COST OF RENOVATION  
WORK, FOR THE TIME THE WORKER  
PUTS IN, FOR A DECENT RETURN ON  
HIS INVESTMENT AND FOR A  
FAIR PROFIT.

HE HAS EARNED THIS FOR  
HAVING THE WIT AND INGENUITY TO  
PLAN, FOR PUTTING IN THE HARD &  
DIRTY WORK AND FOR RISKING HIS  
CAPITAL TO IMPROVE OUR OLDER  
BUILDINGS.

YOU HAVE A CHOICE, IT IS A  
DIFFICULT ONE, THE FUTURE OF  
SAN FRANCISCO IS IN YOUR HANDS

THANK YOU.

1 AMENDING ORDINANCE NO. 315-67 (REAL PROPERTY TRANSFER TAX  
2 ORDINANCE) SO AS TO IMPOSE, IN ADDITION TO EXISTING TRANSFER  
3 TAXES, A TRANSFER TAX ON SHORT TERM SPECULATIVE PROFITS FROM THE  
4 SALE OF RESIDENTIAL REAL ESTATE WHERE SUCH PROFITS EXCEED THE  
5 RATE OF INFLATION AS MEASURED BY THE CONSUMER PRICE INDEX.

6  
7 Be it ordained by the People of the City and County of San  
8 Francisco:

9  
10 Section 1. Ordinance No. 315-67 (Real Property Transfer Tax  
11 Ordinance) is hereby amended to read as follows:

12  
13 Section 1. Short Title. This ordinance shall be known as  
14 the "Real Property Transfer Tax Ordinance."

15  
16 Section 2. Tax Imposed. There is hereby imposed on each  
17 deed, instrument or writing by which any lands, tenements, or  
18 other realty sold within the City and County of San Francisco  
19 shall be granted, assigned, transferred or otherwise conveyed to,  
20 or vested in, the purchaser or purchasers, or any other person or  
21 persons, by his or their direction, when the consideration of  
22 value of the interest or property conveyed (exclusive of the  
23 value of any lien or encumbrances remaining thereon at the time  
24 of sale) exceeds one hundred dollars (\$100), a tax at the rate of  
25 two dollars and fifty cents (\$2.50) for each five hundred dollars  
26 (\$500) or fractional part thereof.

27  
28 5/9/78

29 Cppy made from print-out. "Clean"  
30 copy pending from CA (Doherty)

*5/10 CA advised "slight" change:  
grammar, continuity of  
content. No significant change  
as a whole.*

1 Workers for the month in which the transferror acquired said  
2 residential real estate, and the National Consumer Price  
3 Index for Urban Wage Earners and Clerical Workers for the  
4 month in which the transferror sold said residential real  
5 estate; plus the cost of all improvements made to the subject  
6 property, provided that they were made pursuant to a permit  
7 duly issued, and were required by applicable Codes of the  
8 City and County of San Francisco; plus the cost of all work  
9 which relates to the improvement of building insulation on  
10 the real property subject to the tax, and the cost of all  
11 work which relates to and includes the installation of energy  
12 and/or utility systems on the subject real property which  
13 serve as an alternative or a complement to utilities  
14 delivered by private sources, and which have been installed  
15 as integral parts of the utility system of that subject  
16 property; provided, however, that whenever an increase in  
17 basis because of the cost of an improvement is claimed under  
18 this Section for residential rental property, the person  
19 claiming such increase in basis must demonstrate that any  
20 increase in rent which may have occurred during his or her  
21 ownership of the property has not already compensated for the  
22 costs of improvement.

23 (c) The rate of tax on speculative profits shall be as  
24 follows:

25 (i) Whenever the sale occurs within one year after the  
26 transferror acquired said residential real property, the tax  
27 shall be \_\_\_\_\_ percent (\_\_\_%) of speculative profits.  
28  
29  
30

1  
2 (ii) Whenever the sale occurs more than one year, but  
3 within two years, of the date the transferror acquired said  
4 property, the rate of tax shall be \_\_\_\_\_ percent (\_\_\_%) of  
5 speculative profits.

6 (iii) Whenever the sale occurs more than two years, but  
7 within four years, of the date the transferror acquired said  
8 property, the rate of tax shall be \_\_\_\_\_ percent (\_\_\_%) of  
9 speculative profits.

10 (iv) Whenever the sale occurs more than four years, but  
11 within five years, of the date the transferror acquired said  
12 property, the rate of tax shall be \_\_\_\_\_ percent (\_\_\_%) of  
13 speculative profits.

14 (d) The surtax on speculative profits shall not apply to:

15 (i) Any sale of property which occurs on or after the  
16 sixty-second birthday of the seller, which is the principal  
17 residence of the seller, and which consists of 3 units or  
18 less; or

19 (ii) Any sale of residential property which was acquired by  
20 the seller as unimproved residential property devoid of any  
21 residential structures, notwithstanding the fact that the  
22 property be zoned or defined residential.

23 (e) In computing the percentage increase, if any, between the  
24 National Consumer Price Index for Urban Wage Earners and Clerical  
25 Workers for the month in which the transferror acquired real  
26  
27  
28  
29  
30



1 property and the National Consumer Price Index for Urban Wage  
2 Earners and Clerical Workers for the month in which the  
3 transferror sold real property, the Unrevised Consumer Price  
4 Index for Urban Wage Earners and Clerical Workers shall be  
5 utilized for dates prior to January 1, 1978, and the Revised  
6 Consumer Price Index for Urban Wage Earners and Clerical Workers  
7 shall be utilized for dates on or after January 1, 1978.  
8

9 Section 3. Payment of Tax. Any tax imposed pursuant to  
10 Section 2 hereof shall be paid by any person who makes, signs or  
11 issues any document or instrument subject to the tax, or for  
12 whose use or benefit the same is made, signed or issued. The  
13 transferror and the transferee shall be jointly and severally  
14 liable for the payment of said tax.  
15

16 Section 4. Instrument to Secure Debt. Any tax imposed  
17 pursuant to this ordinance shall not apply to any instrument in  
18 writing given to secure a debt.  
19

20 Section 5. Exemptions. Any deed, instrument or writing to  
21 which the United States or any agency or instrumentality thereof,  
22 any state or territory, or political subdivision thereof, is a  
23 party shall be exempt from any tax imposed pursuant to this  
24 ordinance when the exempt agency is acquiring title, but the  
25 other party or parties to the transfer shall remain liable for  
26 payment of the tax.  
27  
28  
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30

1           Section 6. Exceptions. Any tax imposed pursuant to this  
2 ordinance shall not apply to the making, delivering or filing of  
3 conveyances to make effective any plan of reorganization or  
4 adjustment:

5           (a) Confirmed under the Federal Bankruptcy Act, as amended;

6           (b) Approved in an equity receivership proceeding in a court  
7 involving a railroad corporation, as defined in subdivision (m)  
8 of Section 205 of Title 11 of the United States Code, as amended;

9           (c) Approved in an equity receivership proceeding in a court  
10 involving a corporation, as defined in subdivision (3) of Section  
11 506 of Title 11 of the United States Code, as amended; or

12           (d) Whereby a mere change in identity, form or place of  
13 organization is effected.

14           Subdivisions (a) to (d), inclusive, of this section shall  
15 only apply if the making, delivery or filing of instruments of  
16 transfer or conveyances occurs within five years from the date of  
17 such confirmation, approval or change.

18  
19           Section 7. Orders of Securities and Exchange Commission.

20 Any tax imposed pursuant to this ordinance shall not apply to the  
21 making or delivery of conveyances to make effective any order of  
22 the Securities & Exchange Commission, as defined in subdivision  
23 (a) of Section 1083 of the Internal Revenue Code of 1954; but  
24 only if:  
25  
26  
27  
28  
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30

1 (a) The order of the Securities & Exchange Commission in  
2 obedience to which such conveyance is made recites that such  
3 conveyance is necessary or appropriate to effectuate the  
4 provisions of Section 79K of Title 15 of the United States Code,  
5 relating to the Public Utility Holding Company Act of 1935;

6 (b) Such order specifies the property which is ordered to be  
7 conveyed;

8 (c) Such conveyance is made in obedience to such order.

9  
10 Section 8. Application to Partnerships.

11 (a) In the case of any realty held by a partnership, no levy  
12 shall be imposed pursuant to this ordinance by reason of any  
13 transfer of an interest in a partnership or otherwise, if

14 (1) Such partnership (or another partnership) is considered  
15 a continuing partnership within the meaning of Section 708 of  
16 the Internal Revenue Code of 1954; and

17 (2) Such continuing partnership continues to hold the  
18 realty concerned.

19 (b) If there is a termination of any partnership within the  
20 meaning of Section 708 of the Internal Revenue Code of 1954, for  
21 purposes of this ordinance, such partnership shall be treated as  
22 having executed an instrument whereby there was conveyed, for  
23 fair market value (exclusive of the value of any lien or  
24 encumbrance remaining thereon), all realty held by such  
25 partnership at the time of such termination.

26 (c) Not more than one tax shall be imposed pursuant to this  
27 ordinance by reason of a termination described in subdivision  
28  
29  
30

1 (b), and any transfer pursuant thereto, with respect to the  
2 realty held by such partnership at the time of such termination.  
3

4 Section 9. Tax Return. Concurrently with recordation of the  
5 deed, instrument or writing, or within three days after delivery  
6 of the deed, instrument or writing, whichever occurs later, the  
7 transferee shall file with the Recorder a tax return on forms  
8 prepared by the Recorder and containing such pertinent  
9 information as is requested by said form. The Recorder shall  
10 prepare said tax return in such a way that it discloses all  
11 information pertinent to the computation of the taxes imposed by  
12 this Ordinance.  
13

14 Section 10. Administration by County Recorder. The County  
15 Recorder shall administer this ordinance. On or before the 15th  
16 day of the month the Recorder shall report to the County Auditor  
17 the amounts of taxes collected during the preceding month  
18 pursuant to this ordinance. It shall be the duty of the Recorder  
19 to collect and receive the tax imposed by this ordinance. In  
20 addition to keeping the records now required by law and paying  
21 over the proceeds from the collection of taxes to the Treasurer  
22 of the City and County, as now provided by law, the Recorder  
23 shall keep an accurate and separate account of all such tax  
24 payments received by him, showing the name and address of the  
25  
26  
27  
28  
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1 taxpayer and the date of the payments. The Recorder is hereby  
2 charged with the enforcement of the provisions of this ordinance,  
3 and subject to approval of the Board of Review, is hereby  
4 empowered to adopt and promulgate and to enforce rules and  
5 regulations relating to any matter or thing pertaining to the  
6 administration and enforcement of the provisions of this  
7 ordinance, including provisions for the re-examination and  
8 correction of returns and payments alleged or found to be  
9 incorrect or as to which an overpayment or underpayment is  
10 claimed or found to have occurred. The Recorder or any agent or  
11 employee authorized in writing by him is hereby authorized to  
12 examine the books, papers and records of any employer or supposed  
13 employer, or of any taxpayer or supposed taxpayer, in order to  
14 verify the accuracy of any return made, or if no return was made,  
15 to ascertain the tax imposed by this ordinance.

16 Every such taxpayer or supposed taxpayer is hereby directed  
17 and required to give to the said Recorder or his duly authorized  
18 agent or employee the means, facilities and opportunity for such  
19 examination and investigations as are hereby authorized. The  
20 Recorder may order the production of books, papers and records  
21 and the attendance of all persons before him, whether as parties  
22 or witnesses whom he believes to have knowledge thereof. The  
23 refusal of such examination by any taxpayer shall be deemed a  
24 violation of this ordinance.

25  
26  
27 Section 11. Recordation. The Recorder shall not record any  
28 deed, instrument or writing subject to the tax imposed by this  
29  
30

1 ordinance unless the tax is paid. If the party submitting the  
2 document so requests, the amount of tax due shall be shown on a  
3 separate paper which shall be affixed to the document by the  
4 Recorder after the permanent record is made and before the  
5 original is returned as specified in Section 27321 of the  
6 Government Code.

7 Every document subject to tax hereunder which is submitted  
8 for recordation shall show on the face of the document or in a  
9 separate document the amount of taxes due under this ordinance  
10 and the recorder may rely thereon.

11 Every document subject to tax hereunder which is submitted  
12 for recordation shall show on the face of the document, or in a  
13 separate document, the location of the lands, tenements or other  
14 realty described in the document.

15  
16 Section 13. Claims for refunds. Claims for refunds of taxes  
17 imposed pursuant to this ordinance shall be governed by the  
18 provisions of Chapter 5 (commencing with Section 5096) of Part 9  
19 of Division 1 of the Revenue and Taxation Code.

20  
21 Section 14. Administration, Interpretation, and  
22 Implementation. In the administration of this ordinance the  
23 recorder shall interpret its provisions consistently with those  
24 Documentary Stamp Tax Regulations adopted by the Internal Revenue  
25  
26  
27  
28  
29  
30

1 Service of the United States Treasury Department which relate to  
2 the Tax on Conveyances and identified as Sections 47.4361-1,  
3 47.4361-2 and 47.4362-1 of Part 47 of Title 26 of the Code of  
4 Federal Regulations, as the same existed on November 8, 1967  
5 except that for the purposes of this ordinance, the determination  
6 of what constitutes "realty" shall be determined by the  
7 definition or scope of that term under state law.

8 When the recorder has made a determination as to the amount  
9 of tax due, he or she shall make available to the person or  
10 persons paying said tax a copy of the entire ordinance which  
11 establishes the Real Property Transfer Tax, with specific  
12 reference being made to the method of Appeals, as hereinafter set  
13 out:

14 (a) In order to adjudicate any appeals arising out of the  
15 amount of any tax imposed pursuant to this ordinance, there is  
16 hereby established a Real Property Transfer Tax Appeals Board.  
17 Each San Francisco District Supervisor shall appoint one person  
18 to sit on the Board. Each person so appointed shall be a  
19 resident of the district of Supervisor making the appointment.  
20 The appointments to the Board which are made by Supervisors from  
21 odd-numbered supervisorial districts shall be for a term of one  
22 year, whereupon the term of office for those positions shall  
23 become two years. The appointments to the Board which are made  
24 by Supervisors from even-numbered supervisorial districts shall  
25 be for a term of two years. Each person appointed to sit on the  
26 Board shall serve for a single term. There shall be no  
27 re-appointments, except that the initial appointees from the  
28  
29  
30

1 odd-numbered supervisorial districts may be re-appointed upon  
2 expiration of their one-year term for one additional two-year  
3 term. The Board will meet once a week, establish its own chair  
4 and operating procedures, and will select a staff which will not  
5 exceed two (2) persons selected from the Civil Service pool,  
6 subject to Civil Service regulations. Each member of the Board  
7 will be paid \$25 for each meeting that he or she attends, with a  
8 maximum monthly ceiling of \$125 per Board member. The Board will  
9 be subject to any guidelines and regulations developed by the  
10 Board of Supervisors. There will be no higher appeals board than  
11 the one hereby established; this provision in no way restricts  
12 the right of judicial review.

13 (b) Any person who pays any tax required by this ordinance,  
14 and any Appeals Board member or District Supervisor, who has  
15 reason to believe that the recorder erred in his or her  
16 determination as to the amount of tax due may file an appeal.

17 (c) The Real Property Transfer Tax Appeals Board is also  
18 authorized to hear appeals from that portion of the tax assessed  
19 upon the difference between the full actual consideration for  
20 which the property was previously purchased and the full actual  
21 consideration for which the property is now being sold when its  
22 imposition would cause a hardship. Hardship relief available  
23 under this subsection is limited to property which is the  
24 principal residence of the seller and which consists of 3 units  
25  
26  
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30



1 or less. The following circumstances form the bases for a  
2 hardship appeal:

3 (1) Sale of the property is necessitated by a change in the  
4 number of persons inhabiting it;

5 (2) Sale of the property is necessitated by a loss of  
6 income or increase in expenses which are beyond the control  
7 of the seller, or by a change in the seller's marital status;

8 (3) Sale of the property is necessitated by the dissolution  
9 of the members of cooperatively-owned property;

10 (4) Sale of the property is necessitated by a job transfer  
11 of the seller to a location outside San Francisco.

12 (d) It shall be the responsibility of the Real Property  
13 Transfer Tax Appeals Board to provide the Board of Supervisors  
14 with semi-annual reports which will review the activities of the  
15 Appeals Board and will provide a statistical breakdown as to  
16 yield of the tax, types and amounts of deductions granted, types  
17 and amounts of hardship relief granted, and any other information  
18 pertinent to the operations of the Appeals Board.

19  
20  
21 Section 15. Deficiency determination. Whenever the county  
22 recorder has reason to believe that the full amount of tax due  
23 under this ordinance has not been paid, he may, by notice served  
24 upon any person liable therefor, require him to furnish a true  
25 copy of his records relevant to the amount of the consideration  
26 or value of the interest or property conveyed.

27  
28 Section 16. Penalty. Any person or persons who makes,  
29  
30

1 signs, issues or accepts or causes to be made, signed, issued or  
2 accepted and who submits or causes to be submitted for  
3 recordation any deed, instrument or writing subject to the tax  
4 imposed by this ordinance and makes any material  
5 misrepresentation of fact for the purpose of avoiding all or any  
6 part of the tax imposed by this ordinance shall be guilty of a  
7 misdemeanor.

8 No person or persons shall be liable, either civilly or  
9 criminally, for any unintentional error made in designating the  
10 location of the lands, tenements or other realty described in a  
11 document subject to the tax imposed by this ordinance.

12  
13 Section 2. The following findings are hereby made:

14 (a) There exists in San Francisco a situation in which short  
15 term speculation in the residential housing market is  
16 artificially inflating the cost of home-ownership and rental  
17 units beyond the financial reach of lower and middle income  
18 households. A transfer tax on short term speculative profits  
19 from the sale of residential real estate is desirable because it  
20 will operate as a disincentive to such speculation and will  
21 assist in maintaining the cost of residential real estate within  
22 the financial reach of lower and middle income households.

23 (b) The City and County of San Francisco is in dire need of  
24 additional sources of revenue to meet the increasing cost of  
25  
26  
27  
28  
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30

1 governmental services. A transfer tax on short term speculative  
2 profits from the sale of residential real estate is desirable  
3 because (1) the tax is imposed on a group which has benefitted  
4 greatly from governmental services which create an environment  
5 conducive to capital appreciation of residential real estate, and  
6 (2) the tax is imposed on a group which generally is well able to  
7 pay such tax on such profits.  
8

9 Section 3. This ordinance shall become operative, and the  
10 tax shall first be imposed and collected, at 12:01 a.m. on June  
11 30, 1978. The tax is imposed on transfers after said date, even  
12 if the transferror acquired the real property prior to said date.  
13  
14

15 APPROVED AS TO FORM  
16

17 GEORGE AGNOST  
18

19 City Attorney  
20

21 By   
22 Deputy City Attorney  
23  
24  
25  
26  
27  
28  
29  
30



**San Francisco Board of Realtors**

246 Van Ness Avenue  
San Francisco, California 94102  
Telephone (415) 431-8500

Affiliated with:  
National Association of Realtors  
California Association of Realtors

RECEIVED  
OFFICE OF SUPERVISORS  
SAN FRANCISCO

1978 MAY 10 PM 12:09

May 10, 1978

Finance Committee  
San Francisco Board of Supervisors  
Room 235, City Hall  
San Francisco, CA 94102

Dear Supervisors:

We find that we have commented at length on a proposal drafted by the San Francisco Housing Coalition only to be confronted at the last minute with another proposal containing modified provisions which has emerged from the City Attorney's office. We have understood for some time that the City Attorney was devoting attention to this matter but despite periodic requests we were unable to obtain a copy of the proposed ordinance until the close of business yesterday. The short time afforded for a review of the measure reveals sufficient similarity with the earlier draft to allow the comments contained in our May 3, 1978 letter to be generally applicable. However, certain new features have been introduced which require additional analysis that has not been possible within the brief time that the proposal has been available to us.

It is our sincere belief that you should be disposed to recommend disapproval of the proposed ordinance, in which case further comment from us will become unnecessary. However, if you are so inclined we believe that before final committee action is taken an additional opportunity should be afforded for the proposal to be more thoroughly reviewed and our additional comments on the revised features to be presented to you in writing. We consider it most regrettable that the City Attorney has delayed the completion of his work on the proposed ordinance until less than 24 hours before it was scheduled to be heard by your committee, particularly when it has been under attention by his office for several weeks.

Yours truly,

SAN FRANCISCO BOARD OF REALTORS

  
James C. Fabris  
Executive Vice President

V RAY BRITTON  
47 GRANDVIEW TERR  
SAN FRANCISCO CA 94114

western union

Mailgram



4-065047E128 05/08/78 ICS IPMRNCZ CSP SFOB  
4156210836 MGM TDRN SAN FRANCISCO CA 100 05-08 0600P EST

*Clerk, Finance Committee*

FINANCE COMMITTEE SAN FRANCISCO BOARD OF  
SUPERVISORS  
ROOM 235 CITY HALL  
SAN FRANCISCO CA 94102

*APJ*

*120-78-1*

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
1978 MAY 10 AM 8:38  
BY

I URGE YOU TO KILL THE PROPOSED SPECULATION TAX ORDINANCE INTRODUCED BY  
SUPERVISOR MILK. SUPERVISOR MILK WOULD NOT HAVE PROPOSED THE TAX IF HE  
HAD SPENT SUFFICIENT WITHIN HIS DISTRICT TALKING TO THE PROPERTY  
OWNERS.

V RAY BRITTON  
47 GRANDVIEW TERRACE  
SAN FRANCISCO CA 94114

18101 EST

MGMCOMP MGM

HASSON-JONES REALTY

3365 CLAY STREET, SAN FRANCISCO, CA 94118

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

TELEPHONE  
922-2480

1978 MAR 29 AM 9:08

BY                     

March 28, 1978

San Francisco  
Board of Supervisors  
City Hall, Rm. 228  
San Francisco 94102

Dear Sirs:

I think the Property Speculation tax you are considering is nothing less than outrageous. In our mobile society to penalize the homeowner for moving for whatever reason is extremely shortsighted. Speculators have their place in our scheme of things. They often improve property other buyers would not touch because of its condition, and whole neighborhoods have been changed for the better because of them. In any case, legislation is not going to eliminate them and the real tax burden will fall on the homeowner.

Increased costs of local government should not be borne by the homeowner or the speculator and in trying to control speculation you hit hardest at the homeowner. There are other controls which should be practiced first such as cleaning out dead wood in the government, controlling corruption and inefficiency, of which we have more and more proof each day.

Instead of trying to control the rate of inflation via the speculator, why not try to attack the much larger and more important field of increased costs of labor and material? Then you would have accomplished something.

Yours very truly,

*Josephine C. Jones*  
Josephine C. Jones

*aff*

3/27/78

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

1978 MAR 29 AM 9:08

BY *Be*

Mr. Kopp  
Finance Committee  
Board of Supervisors

*oppose*

Dear Mr. Kopp:

As a property owner in San Francisco, I am appalled that the Finance Committee is considering imposing an additional tax on real estate held for a short period of time. Much of my real estate is in areas that five years ago would be considered very undesirable. Now these areas look like and are fine places to live. Were your tax imposed, this would not have happened.

This type of tax lends itself to all kinds of abuses and puts government in the role of playing God in trying to decide who is a so-called "good" property owner and who is a so-called "bad" property owner. Anytime Government puts itself in this position, the people will contrive to find ways to go around the law, and for those people who cannot go around it, great inequities will occur.

What about the property owner who has to sell within the first year he owns the property because of hardship or health reasons or other problems? The person who makes a living buying and selling real estate, the professional "speculator" will find a way either to not pay the tax or to pass the cost of the tax to the eventual buyer - further driving up the cost of housing.

Let's not play political football with the neighborhoods of San Francisco.

Best Regards,

*Raymond Grinsell*

Raymond Grinsell  
585-8th Avenue  
San Francisco, California  
94118

*Clerk, Finance*

Finance Committee  
Board of Supervisors  
City Hall  
San Francisco, California

RECEIVED  
March 27 1978  
CLERK OF SUPERVISORS  
SAN FRANCISCO

1978 MAR 29 AM 9:08

Dear Sir:

BY *BM*

I want to go on record as being opposed to any proposed tax increase supposedly attributable to property speculation.

1. The problem of inflation is far broader than a few people making some money re-selling property.
2. You will yourself contribute further to the inflation you claim to abhor by further increasing taxes.
3. You assume that anyone who sells his property is a speculator. That's just plain dumb on your part. If this is not your assumption, how is you propose to single out the speculators. I saw your formula, and it's got about as much reason behind it as a tribal rite.
4. I don't give a damn what somebody legally does with his property. It's none of your business either, unless you suggest that because they number less property owners have less rights than non-property owners. (We know they have less votes.)

I think you know that my sentiment is against any tax increase of any kind. ~~Furthermore~~ Further, it appears to me that anytime you folks have an opportunity, you will always increase the cost of government, or do you intend to save the money you would collect from such a tax increase. I believe we know the answer to that question, really.

Please do not give serious consideration to such a frivolous proposal. Even when you pretend to be objective in entertaining such proposals, you alienate. Heavens, no wonder people want to vote straight out for proposition 13.

Sincerely,

*Thomas G. Meara*  
Thomas G. Meara  
430 24th Avenue, Apt. 4  
San Francisco, Ca. 94121





**San Francisco Board of Realtors**

246 Van Ness Avenue  
San Francisco, California 94102  
Telephone (415) 431-8500

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California Association of Realtors

---

**POINTS BEARING ON LACK OF NEED FOR AND  
UNDESIRABILITY OF PROPERTY SPECULATION TAX**

1. Speculation Tax Would Increase Cost of Property.

The tax would contribute to the inflationary process by increasing the cost of property to the ultimate buyer. To minimize the tax consequences, property would likely be withheld from the market for a significant period of time or the tax would be paid and passed on to the purchaser. The result in either case would be higher prices, thereby producing in the end the very result sought to be avoided.

2. Speculation Tax Would Discourage Home Improvements.

The tax would also discourage housing improvements because the increased value produced thereby would only result in increasing the amount of tax by widening the gap between the purchase price and the ultimate selling price. For example, if a home were purchased for \$60,000 and was sold later for \$80,000, after an investment of \$10,000 in improvements, the seller would be liable for a tax on a gain of \$20,000 when in fact the actual difference, based on invested funds, is only \$10,000.

3. Without Repair and Improvement Property Will Deteriorate

A lack of incentive for repairing and improving property will also result in a deterioration of property, much like what has occurred in New York City under rent control.

4. Turnover Sales Are Decreasing and Buyers' Market Is Developing.

The evidence is that to the extent that speculative sales have occurred in San Francisco, they are in fact decreasing. The county assessor's office has indicated that the number of turnover sales (i.e., where property is resold within one year after purchase) has decreased since mid-year 1977. In the case of our own multiple listing service the inventory of residential property has almost doubled since that time. With the available supply of housing presently far exceeding demand, the elements are present for the real estate market in San Francisco to become more of a buyers' market in the months ahead.

5. Inflation Has Caused All Prices To Rise.

The assessor's office has indicated that the average selling price of residential property in San Francisco has risen approximately 15% per year in

the last few years. Taking into account all of the economic forces operating in the market place this figure is more than matched by soaring prices in other areas. The city government itself provides an impressive example. The current budget requests of many of the major city departments involve increases substantially in excess of the above mentioned percentages. To cite a few examples: the city attorney is seeking a 107% increase; planning - 90%; civil service - 58%; library - 40%; controller - 34%; etc.

We do not consider it fair that attention to high prices should be focused entirely on the speculation in housing aspect of the inflationary problem when the fact is that we are surrounded on all sides by rising costs. First and foremost, government -- state, national and local -- must assume its fair share of responsibility for causing the rapidly diminishing value of the dollar. Taxes have risen astronomically and the search for new revenues has invaded every segment of our lives. Labor costs have skyrocketed, the cost of materials has zoomed upward and every phase of our economy has reflected the consequences. Against the background of what has occurred on all the monetary fronts it is only natural that the price of homes has followed the trend of everything else. If the prices of residential properties are to be controlled by invading the confiscatory limits of the taxing power, can the same treatment of our whole economic system be far behind?

6. Punitive Action Against All Sellers Is Unfair.

To impose a graduated real estate transfer tax on all sales, under the guise of stemming speculation, is grossly unfair in any event. For example, if, for compelling personal reasons, residential property held for a period of one year, were offered for sale at the same price as purchased, the seller would nevertheless be liable for payment of a transfer tax at the highest rate. Where speculative aspects are not involved there is no justification at all for penalizing the seller by exacting from him a graduated transfer tax. To subject all sales to penalties because there may be a few violations of standards deemed reasonable (whatever they may be) is not a fair and equitable way of dealing with the problem. We do not penalize the entire population if someone in the community commits a crime.

7. Speculation Tax Would Confiscate Legitimately Earned Profits.

The proposed tax would restrict the free and rapid transferability of property by imposing excessive penalties under the guise of taxation. Governmental interference with property sales in the form of property speculation taxes serves only to stifle economic growth, confiscate legitimately earned profits and stagnate property sales and significantly diminish the opportunity of a seller to reinvest his earned equity in another property.

8. Another Tax Would Be Another Taxpayers Aggravation

All too often taxes are resorted to as a catchall solution for a great variety of problems. If money doesn't solve the problem, more money is appropriated under the pretext that sufficient funds were not provided in the first place. There are increasing indications that taxpayers are fed up with exorbitant government spending and the poor results accomplished in the process. The Jarvis-Gann Initiative is undoubtedly best explained as a manifestation of a growing taxpayers revolt. A speculation tax should not be added as a further aggravation.

9. What Is a Speculative Sale?

What is a speculative sale? Is profit to be eliminated from the American economic system?

4/3/78

Club Finance 3/27

*App*  
**Amfac**  
DRUG SUPPLY CO.

Re-Transfer Tax

File 120-78

S.F.

Board of Supervisors

I, personally, as a Realtor  
who works in S.F. &  
who is a member of the S.F.  
Board of Realtors, oppose  
the supposedly anti speculation  
law. I am for the free  
enterprise system! Let the  
market seek its own level,  
instead of suppressing  
rehabilitation & supporting  
continuing deterioration of  
existing dwellings.

W.F. Hildebrand Jr

POINT HEARING ON LACK OF NEED FOR AND  
UNDESIRABILITY OF PROPERTY SPECULATION TAX

1. Speculation Tax Would Increase Cost of Property.

The tax would contribute to the inflationary process by increasing the cost of property to the ultimate buyer. To minimize the tax consequences, property would likely be withheld from the market for a significant period of time or the tax would be paid and passed on to the purchaser. The result in either case would be higher prices, thereby producing in the end the very result sought to be avoided.

2. Speculation Tax Would Discourage Home Improvements.

The tax would also discourage housing improvements because the increased value produced thereby would only result in increasing the amount of tax by widening the gap between the purchase price and the ultimate selling price. For example, if a home were purchased for \$60,000 and was sold later for \$80,000, after an investment of \$10,000 in improvements, the seller would be liable for a tax on a gain of \$20,000 when in fact the actual difference, based on invested funds, is only \$10,000.

3. Without Repair and Improvement Property Will Deteriorate

A lack of incentive for repairing and improving property will also result in a deterioration of property, much like what has occurred in New York City under rent control.

4. Turnover Sales Are Decreasing and Buyers' Market Is Developing.

The evidence is that to the extent that speculative sales have occurred in San Francisco, they are in fact decreasing. The county assessor's office has indicated that the number of turnover sales (i.e., where property is resold within one year after purchase) has decreased since mid-year 1977. In the case of our own multiple listing service the inventory of residential property has almost doubled since that time. This indicates that the real estate market has in recent months changed to a buyers' market with the available supply of housing far exceeding the demand.

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3/78



*aff*

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

# Earle Realty Company

LICENSED REAL ESTATE BROKER INSURANCE

1098 Irving Street San Francisco, California 94122

Phone 56-69920

1978 MAR 28 AM 9:34

BY *aff*

March 27, 1978

Board of Supervisors ,Finance Committee  
City Hall  
Room 228  
San Francisco, Calif.

Gentleman;

Re; Speculation tax on Real  
Property

This is a notice I the undersigned object to the new proposed tax ordinance , to be levied on the sale of property. I understand the hearing for this ordinance is scheduled for Wednesday March 29, 1978, and I wish to my letter of objection be considered.

Thank You.

*Viola Loftus*  
Viola Loftus  
Broker

4/3/78

*apf*  
DWIGHT L. MERRIMAN, JR.  
3200 CROCKER PLAZA  
SAN FRANCISCO, CALIFORNIA 94104

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

1978 MAR 28 AM 9:35  
March 27, 1978  
BY *MR*

Finance Committee  
Board of Supervisors  
City & County of San Francisco  
San Francisco, California 94102

Gentlemen:

This is to voice my opposition to the proposed  
SPECULATION TAX ON REAL ESTATE SALES.

This tax is unfair against people who own property,  
and particularly those who may be forced to move within  
a short period of time due to compelling personal reasons;  
it is unfair to property owners since it penalizes them  
from taking advantage of rising prices because of inflation  
when every other cost is escalating.

I also think it would be a great aggravation to many  
people to see another tax, particularly because we are, I  
believe, witnessing a coming tax payers revolt throughout  
this country.

Very truly yours,

*Dwight L. Merriman, Jr.*  
Dwight L. Merriman, Jr.

4/3/78

*apf*

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

1978 MAR 28 AM 9:34

BY *apf*

1101 Green Street, #1303  
San Francisco, CA 94109

March 27, 1978

City Hall  
Finance Committee  
Room 228  
San Francisco, CA 94102

*File 120-78*  
*apf*

Committee Members:

Again we're faced with a tragic case of events.

The proposed property tax speculation ordinance. When are we going to learn what comes first, the Cart or the Horse?

We think property values are high now, well once an ordinance like this passes and is initiated into law, the Prices will Skyrocket. Supply and Demand. No supply Tremendous Demand, Blackmarketing, Etc.

Firstly, at the City level, lets encourage building! Down Zoning is like the Frying Pan into the Fire theory.

This "Profit Tax" is a good example of Thumb in Dike Philosophy!

Respectfully,

*Jim Ledwith*

Jim Ledwith



April 7, 1978

File 120-78-1

Hon. George Agnost  
City Attorney  
Room 206, City Hall

Attention: Mr. John J. Doherty  
Deputy City Atty.

Dear Mr. Agnost:

Attached is copy of a proposed ordinance which was introduced by Supervisor Harvey Milk at the Board meeting of April 3, which relates to the Documentary Stamp Tax.

This matter has been tentatively scheduled for the Finance Committee meeting of May 3rd. Will you please prepare the ordinance in proper form and submit to us. For your information, we are also enclosing a copy of the original ordinance, No. 315-67, and copies of the subsequent amendments.

Very truly yours,

GILBERT H. BOREMAN  
Clerk of the Board

GHB:ah  
Enc.

bcc: Reading  
File

FILE NO. 120-78-1

ORDINANCE NO. \_\_\_\_\_

1 PROVIDING FOR A DISINCENTIVE TO SHORT-TERM SPECULATION ON  
2 RESIDENTIAL PROPERTY AND FOR THE RAISING OF ADDITIONAL REVENUE  
3 BY IMPOSING A DOCUMENTARY STAMP TAX ON THE SALE OF REAL PROPERTY.

4  
5 Whereas, there exists in San Francisco a situation in which short-  
6 term speculation in the housing market is artificially inflating  
7 the cost of homeownership and rental units beyond the financial  
8 reach of lower- and middle-income households, the goal of the  
9 Documentary Stamp Tax is to tax, on a progressively scaled and  
10 graduated basis, the transfer of residential property bought  
11 and sold within five years unless a hardship exists. Funds gen-  
12 erated from the tax shall accrue to the Municipal General Fund.

13  
14  
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17  
18 Section 1. Short Title. This ordinance shall be known as  
19 the "Real Property Transfer Tax Ordinance." It is adopted pur-  
20 suant to the authority contained in Part 6.7 (commencing with  
21 Section 11901) of Division 2 and Taxation Code of the State of  
22 California.

23  
24 Section 2. Tax Imposed. There is hereby imposed on each  
25 deed, instrument or writing by which any lands, tenements, or  
26 other realty sold within the City and County of San Francisco  
27 shall be granted, assigned, transferred or otherwise conveyed to,  
28 or vested in, the purchaser or purchasers, or any other person or  
29 persons, by his or their direction, when the full actual consid-  
30 eration or the value of the interest or property conveyed (in-

1 clusive of the value of any lien or encumbrances remaining thereon at the time  
2 of sale) exceeds one-hundred dollars (\$100), a tax, as hereinafter described:

3 (a) On residential property, as defined in the Municipal Building Code,  
4 Article IV, Subsections 402.1.16, 402.4.23, and 402.12.15, and on any other  
5 property in which one or more floors are used for or intended for use as a  
6 residence as defined herein, the tax shall be .5% of the full actual considera-  
7 tion for which the property is now being sold. In addition, whenever the pre-  
8 vious purchase price is smaller than the present selling price, the tax shall be:

9 (1) an amount equal to 80% of the difference between the full actual  
10 consideration for which the property was previously purchased and the full  
11 actual consideration for which the property is now being sold, whenever  
12 the present sale occurs within one year of the previous purchase;

13 (2) an amount equal to 60% of the difference between the full actual  
14 consideration for which the property was previously purchased and the full  
15 actual consideration for which the property is now being sold, whenever  
16 the present sale occurs more than one year but within two years of the  
17 previous purchase;

18 (3) an amount equal to 30% of the difference between the full actual  
19 consideration for which the property was previously purchased and the full  
20 actual consideration for which the property is now being sold, whenever  
21 the present sale occurs more than two years but within four years of the  
22 previous purchase;

23 (4) an amount equal to 15% of the difference between the full actual  
24 consideration for which the property was previously purchased and the full  
25 actual consideration for which the property is now being sold, whenever  
26 the present sale occurs more than four years but within five years of  
27 the previous purchase.

28 (b) On Commercial and industrial property, the tax shall be  
29 .5% of the full actual consideration for which the property is  
30 now being sold.

31 Section 3. Payment of Tax. Any tax imposed pursuant to  
32 Section 2 hereof shall be paid by any person who makes, signs, or  
issues any document or instrument subject to the tax, or for whose  
use or benefit the same is made, signed, or issued; more specifi-

1 cally, said tax shall be paid by the seller of the property or  
2 interest conveyed, the recording instrument of which shall be  
3 subject to this tax.

4  
5  
6  
7 Section 4. Exemptions. The following exemptions to the tax  
8 imposed pursuant to this ordinance are hereby established:

9 (a) The United States or any agency or instrumentality  
10 thereof, any state or territory, or political subdivision thereof,  
11 or the District of Columbia shall not be liable for any tax im-  
12 posed pursuant to this ordinance with respect to any deed, instru-  
13 ment or writing to which it is a party, but the tax may be col-  
14 lected by assessment from any other party liable therefor;

15 (b) Any sale of property which occurs on or after the sixty-  
16 second birthday of the seller, which is the principal residence of the seller,  
17 and which consists of 3 units or less, shall be taxed at .5% of the full  
18 actual consideration for which the property is now being sold.

19 (c) The sale of residential property which was acquired by  
20 the seller as unimproved residential property devoid of any resi-  
21 dential structures, notwithstanding the fact that the property  
22 be defined residential, shall be  
23 taxed at .5% of the full actual consideration for which the  
24 property is now being sold, whether the property has been improved  
25 by the seller or not.

26 Section 5. Permissible Deductions. (a) Deductions may be  
27 made only from that portion of the tax assessed upon the dif-  
28 ference between the full actual consideration for which residen-  
29 tial property was previously purchased and the full actual con-  
30 sideration for which the property is now being sold. Permissible  
31 deductions are limited to the following, provided that receipts  
32 are presented for all work claimed:

1           (1) The cost of all improvements made to the subject  
2 property, provided that they were made pursuant to a permit  
3 duly issued, and were required by applicable Codes of the  
4 City and County of San Francisco;

5           (2) The cost of all work which relates to the improve-  
6 ment of building insulation on the real property subject to  
7 the tax, and the cost of all work which relates to and in-  
8 cludes the installation of energy and/or utility systems on  
9 the subject real property which serve as an alternative or a  
10 complement to utilities delivered by private sources, and  
11 which have been installed as integral parts of the utility  
12 system of that subject property;

13           (b) Whenever a deduction is claimed under this Section for  
14 residential rental property, the person claiming the deduction  
15 must demonstrate that any increase in rent which may have occurred  
16 during his or her ownership of the property has not already com-  
17 pensated for the costs of improvement.

18           Section 6. Exceptions. Any tax imposed pursuant to this  
19 ordinance shall not apply to the making, delivering or filing of  
20 conveyances to make effective any plan of reorganization or ad-  
21 justment:

22           (a) Confirmed under the Federal Bankruptcy Act, as amended;

23           (b) Approved in an equity receivership proceeding in a court  
24 involving a railroad corporation, as defined in subdivision (m) of  
25 Section 205 of Title 11 of the United States Code, as amended;

26           (c) Approved in an equity receivership proceeding in a court  
27 involving a corporation, as defined in subdivision (3) of Section  
28 506 of Title 11 of the United States Code, as amended; or

29           (d) Whereby a mere change in identity, form, or place of  
30 organization is effected.

31           Subdivisions (a) to (d), inclusive, of this section shall  
32 only apply if the making, delivery or filing of instruments of

1 transfer or conveyances occurs within five years from the date of  
2 such confirmation, approval or change.

3 Section 7. Orders of the Securities and Exchange Commission.

4 Any tax imposed pursuant to this ordinance shall not apply to the  
5 making or delivery of conveyances to make effective any order of  
6 the Securities and Exchange Commission, as defined in subdivision  
7 (a) of Section 1083 of the Internal Revenue Code of 1954; but only  
8 if

9 (a) The order of the Securities and Exchange Commission in  
10 obedience to which such conveyance is made recites that such con-  
11 veyance is necessary or appropriate to effectuate the provisions  
12 of Section 79K of Title 15 of the United States Code, relating to  
13 the Public Utility Holding Company Act of 1935;

14 (b) Such order specifies the property which is ordered to  
15 be conveyed;

16 (c) Such conveyance is made in obedience to such order.

17 Section 8. Application to Partnerships. (a) In the case  
18 of any realty held by a partnership, no levy shall be imposed pur-  
19 suant to this ordinance by reason of any transfer of an interest  
20 in a partnership or otherwise, if

21 (1) Such partnership for another partnership is con-  
22 sidered a continuing partnership within the meaning of  
23 Section 708 of the Internal Revenue Code of 1954; and

24 (2) Such continuing partnership continues to hold the  
25 realty concerned.

26 (b) If there is a termination of any partnership within the  
27 meaning of Section 708 of the Internal Revenue Code of 1954, for  
28 purposes of this ordinance, such partnership shall be treated as  
29 having executed an instrument whereby there was conveyed, for  
30 fair market value (inclusive of the value of any lien or encum-  
31 brance remaining thereon), all realty held by such partnership at  
32 the time of such termination.

1           Section 9.   Documentary Stamps and Disposition of Proceeds  
2 Therefrom. (a) The county recorder shall purchase from the  
3 State Board of Equalization adhesive stamps in suitable denomina-  
4 tions to be affixed to the deeds, instruments, and writings sub-  
5 ject to the tax pursuant to this ordinance. Any person may pur-  
6 chase adhesive stamps from the county recorder. The county  
7 recorder shall deposit the proceeds from the sale of stamps in  
8 the county treasury within the time and in the manner prescribed  
9 by the law.

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22           (b) The county recorder shall repurchase any unused adhesive  
23 stamps sold to him pursuant to this ordinance. As used in this  
24 ordinance, "adhesive stamps" means any indicia of the tax imposed  
25 pursuant to this ordinance which is authorized and furnished by  
26 the State Board of Equalization.

27           Section 10. Administration by County Recorder. The county  
28 recorder shall administer this ordinance. On or before the  
29 fifteenth day of the month the recorder shall report to the county  
30 auditor the amounts of taxes represented by stamps affixed to  
31 documents recorded during the preceding month pursuant to this  
32 ordinance.

1       Section 11. Recordation. The recorder shall not record any  
2 deed, instrument, or writing subject to the tax imposed by this  
3 ordinance unless the stamps described in Section 10 are affixed  
4 thereto having a face value equal to the total amount of the tax  
5 due under this ordinance. If the party submitting the document  
6 for recordation so requests, stamps having face value equal to  
7 the total amount of tax due under this ordinance may be deposited  
8 with the recorder and shall be affixed to the document by the  
9 recorder after the permanent record is made and before the original  
10 is returned as specified in Section 27321 of the Government  
11 Code.

12       Every document subject to tax hereunder which is submitted  
13 for recordation shall show on the face of the document or in a  
14 separate document the amount of taxes due under this ordinance  
15 and the recorder may rely thereon.

16       Every document subject to tax hereunder which is submitted  
17 for recordation shall show on the face of the document, or in a  
18 separate document, the location of the lands, tenements, or other  
19 realty described in the document.

20       Section 12. Cancellation of Stamps. The recorder shall  
21 cancel the stamps affixed to any document by printing or stamping  
22 thereon the date of affixation or recordation.

23       Section 13. Claims for Refunds. Claims for refunds of  
24 taxes imposed pursuant to this ordinance shall be governed by the  
25 provisions of Chapter 5 (commencing with Section 5096) of Part 9  
26 of Division 1 of the Revenue and Taxation Code of the State of  
27 California.

28       Section 14. Administration, Interpretation, and Implementation.  
29 In the administration of this ordinance the recorder shall interpret  
30 its provisions consistently with those Documentary Stamp Tax  
31 Regulations adopted by the Internal Revenue Service of the United  
32 States Treasury Department which relate to the Tax on Conveyances



1 and identified as Sections 47.4361-1, 47.4361-2 and 47.4362-1 of  
2 Part 47 of Title 26 of the Code of Federal Regulations, as the  
3 same existed on November 8, 1967 except that for the purposes of  
4 this ordinance, the determination of what constitutes "realty"  
5 shall be determined by the definition or scope of that term under  
6 state law.

7 When the county recorder has made a determination as to the  
8 amount of Documentary Stamps to affix to any deed, instrument, or  
9 writing subject to the tax pursuant to this ordinance, he or she  
10 shall make available to the person or persons purchasing said  
11 stamps a copy of the entire ordinance which establishes the Real  
12 Property Transfer Tax, with specific reference being made to the  
13 method of Appeals, as hereinafter set out:

14 (a) In order to adjudicate any appeals arising out of the  
15 amount of any tax imposed pursuant to this ordinance, there is  
16 hereby established a Real Property Transfer Tax Appeals Board.  
17 Each San Francisco District Supervisor shall appoint one person to  
18 sit on the Board. Each person so appointed shall be a resident  
19 of the district of Supervisor making the appointment. The appoint-  
20 ments to the Board which are made by Supervisors from odd-numbered  
21 supervisorial districts shall be for a term of one year, where-  
22 upon the term of office for those positions shall become two  
23 years. The appointments to the Board which are made by Super-  
24 visors from even-numbered supervisorial districts shall be for a  
25 term of two years. Each person appointed to sit on the Board  
26 shall serve for a single term. There shall be no re-appointments,  
27 except that the initial appointees from the odd-numbered super-  
28 visorial districts may be re-appointed upon expiration of their  
29 one-year term for one additional two-year term. The Board will  
30 meet once a week, establish its own chair and operating proce-  
31 dures, and will select a staff which will not exceed two (2) per-  
32 sons selected from the Civil Service pool, subject to Civil Service

1 regulations. Each member of the Board will be paid \$25 for each  
2 meeting that he or she attends, with a maximum monthly ceiling of  
3 \$125 per Board member. The Board will be subject to any guide-  
4 lines and regulations developed by the Board of Supervisors.  
5 There will be no higher appeals board than the one hereby estab-  
6 lished; this provision in no way restricts the right of judicial  
7 review.

8 (b) Any person who purchases Documentary Stamps pursuant  
9 to this ordinance, and any Appeals Board member or District Supervisor, who  
10 has reason to believe that the county recorder erred in his or her deter-  
11 mination as to the amount of said stamps to affix to the subject deed, sub-  
12 ject to the tax pursuant to this ordinance may file an appeal.

13 (c) The Real Property Transfer Tax Appeals Board is also  
14 authorized to hear appeals from that portion of the tax assessed  
15 upon the difference between the full actual consideration for  
16 which the property was previously purchased and the full actual  
17 consideration for which the property is now being sold when its  
18 imposition would cause a hardship. Hardship relief available  
19 under this subsection is limited to property which is the prin-  
20 cipal residence of the seller and which consists of 3 units or less. The  
21 following circumstances form the bases for a hardship appeal:

22 (1) Sale of the property is necessitated by a change  
23 in the number of persons inhabiting it;

24 (2) Sale of the property is necessitated by a loss of  
25 income or increase in expenses which are beyond the control  
26 of the seller, or by a change in the seller's marital status;

27 (3) Sale of the property is necessitated by the dis-  
28 solution of the members of cooperatively-owned property;

29 (4) Sale of the property is necessitated by a job  
30 transfer of the seller to a location outside San Francisco;

31 (5) Any other similarly compelling circumstances.

32 (d) It shall be the responsibility of the Real Property

1 Transfer Tax Appeals Board to provide to the Board of Supervisors  
2 semi-annual reports which will review the activities of the Appeals  
3 Board and will provide a statistical breakdown as to yield of the  
4 tax, types and amounts of deductions granted, types and amounts of  
5 hardship relief granted, and any other information pertinent to  
6 the operations of the Appeals Board.

7 Section 15. Deficiency Determination. Whenever the county  
8 recorder has reason to believe that the full amount of the tax  
9 due under this ordinance has not been paid, he or she may, by  
10 notice served upon any person liable therefor, require him or her  
11 to furnish a true copy of the records relevant to the amount of  
12 the consideration or value of the interest or property conveyed.

13 Section 16. Penalty. Any person or person who makes, signs,  
14 issues or accepts or causes to be made, signed, issued or accepted  
15 and who submits or causes to be submitted for recordation any  
16 deed, instrument or writing subject to the tax imposed by this  
17 ordinance and makes any material misrepresentation of fact for the  
18 purpose of avoiding all or any part of the tax imposed by this  
19 ordinance shall be guilty of a misdemeanor.

20 No person or persons shall be liable, either civilly or  
21 criminally, for any unintentional error made in designating the  
22 location of the lands, tenements, or other realty described in  
23 a document subject to the tax imposed by this ordinance.

24 Section 17. Effective Date. This ordinance shall become  
25 operative at 12:01 A.M. on \_\_\_\_\_, 1978.

26  
27  
28  
29 APPROVED AS TO FORM

30 GEORGE AGNOST  
31 City Attorney

32 By \_\_\_\_\_  
Deputy City Attorney -10-



*Clerk, Finance*  
CITY AND COUNTY OF SAN FRANCISCO

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

HUMAN RIGHTS COMMISSION OF SAN FRANCISCO

1095 MARKET STREET

SUITE 501

SAN FRANCISCO, CALIFORNIA 94103 BY *me*

TELEPHONE 558-4901

1978 APR 10 AM 9:24

April 7, 1978

*Appf*

Honorable Dianne Feinstein  
President  
S.F. Board of Supervisors and  
Members of the Board of Supervisors  
City Hall, Room 235  
San Francisco, California 94102

Dear President Feinstein and  
Members of the Board:

The Human Rights Commission, at its regular meeting of January 26, 1978, unanimously voted to endorse the San Francisco Housing Coalition's Proposed Real Property (Anti Speculation) Transfer Tax which is currently before you.

The enclosed staff paper, "Myths and Facts About Real Estate Speculation in San Francisco", is an analysis by Housing Specialist David Prowler designed to answer some of the recent opposing arguments. I hope that it will assist you in your deliberations on this important question.

Sincerely,

Grant S. Mickins  
Director

GSM:pa  
Enclosure

cc: Mayor George Moscone  
Carl Williams, Mayor's Office  
Rai Okamoto, Planning Commission

Myths and Facts About Real Estate  
Speculation in San Francisco

David Prowler  
San Francisco Human Rights Commission  
March 30, 1978

Myth:

The Realty Industry makes the claim that the proposed transfer tax will increase the cost of housing in two ways: first, by removing housing from the market, and second, by forcing sellers to tank the tax cost on to the price tag.

Fact:

The transfer tax will, in fact, slow down the spiralling costs of housing. The effect of the steep tax will be to discourage speculators from bidding up the cost of homes - they will put their money elsewhere. The true speculator will be unwilling to tie up his or her funds for the period of time necessary to avoid payment of the tax. Thus, the tax will effect the demand for housing (by speculators), much more than the supply. And the Housing Coalition's research clearly shows that rapid turnovers, of the type which the Board of Realtors contends will lower housing costs, correlate with increasing costs.

Any tax has two parts: the base (that which is taxed), and the rate (the percentage of the base which is paid in taxes). The Housing Coalition's Anti-Speculation Tax is written in such a way that it cannot be passed on to the homebuyer. First, because the tax is levied on the seller's profit, so maximizing the profit by sticking the tax on the buyer will simply enlarge the base and thus the tax. And second, the tax - which is 80% of net profit for a sale within one year of purchase is too high to easily pass on. The Realtors are the first to point out that the market is not perfectly inelastic (that is, there are limits on what people will pay). A significant increase in cost does lead to a corresponding decrease in buyers. This, then, indicates that sellers have a price ceiling imposed by the market itself which prevents the "pass-on" of a steep tax.

Myth:

The tax will discourage home improvements.

Fact:

Any expenses which go toward non-cosmetic improvements of a home can be deducted dollar for dollar from the selling price. So a "rehabber" will not be penalized by the tax - particularly if the work takes enough time to put the property in a lower tax category.

Myth:

Sales are Decreasing and a Buyer's Market is Developing.

Fact:

Like most markets the real estate market is cyclical in nature, so if it were true that speculators are decreasing their activity they will

return as the market cools off a bit. It may be that some speculators are hanging back at the moment, but this may be explained by their fear that the party will be ended by a transfer tax. The Housing Coalition's research shows that fully 40% of all properties sold in 1977 in San Francisco had been sold within the preceding five years (source: Realdex). So any decrease in speculative activity would have to be pretty dramatic to stem the tide of increasing costs. Additionally, Bureau of Labor Statistics figures for housing costs in the San Francisco - Oakland area show huge leaps in costs every year - not the slowing or reversals to be found in a buyers market.

Myth:

Housing cost increases are the result of inflation alone.

Fact:

The facts show otherwise. According to the Real Estate Research Council, the cost of a single family home rose an astounding 263.8% between 1967 and 1977. Meanwhile, the consumer price index rose "only" 180%.

Between 1971 and 1977, real personal incomes rose 16%. In those same six years, the Real Estate Research Council reports an increase in the cost of San Francisco housing of a whopping 147%. Inflation, overall, jumped 50% in that period.

The cost of properties which turned over more than once within the past year in San Francisco rose an average of 115% per year.

It is clear that housing cost increases, rather than resulting from inflation, are leading the trend.

Myth:

It is unfair to single out real estate speculators for excess profits tax.

Fact:

Speculation in housing is very different from speculation in other markets. Housing is probably your biggest expense, and it is a necessity. When prices in food items, clothing, art or textiles go up it is relatively easy to make do with less. But housing cost increases - particularly the large increases caused by speculation - are harder to absorb and the consequences are much worse. Housing speculation causes real hardship for everybody - renters & homeowners, poor & middle class, white and non-white. Housing is too important to allow the unearned profits of a few wheeler-dealers to price everybody else out of their home.

Myth:

Housing cost increases are the result solely of foreign investors,

environmentalists, bureaucrats, land costs, natural forces, or new households (pick one).

Fact:

All of the above do cause cost increases and the transfer tax will not mitigate their effects on prices. But speculators also cause rapid increases and the tax will discourage their involvement. No single factor can be isolated as the sole cause of high housing costs, but each one has its own remedy and the tax is the remedy for the segment of cost increases caused by speculators.

Myth:

People who must sell their homes will be penalized by the tax.

Fact:

If you hold on to your property for more than five years, the new tax will not apply to you. And if you must sell for good cause, the Appeals Board will exempt the sale from any tax liability.

Myth:

The Housing Coalition's proposed tax is illegal. It is confiscatory and a local income tax, prohibited by the Revenue and Taxation Code of State of California.

Fact:

The tax is legal, according to the City Attorney. He says that the State does permit chartered cities to levy documentary transfer taxes, and that the tax is not confiscatory. He says, in his written opinion that " . . . . . a San Francisco tax on short term speculative profits from the sale of residential real estate would be upheld by the courts."



MEMBER  
Board of Supervisors



HARVEY MILK  
District 5

TO: George Agnost  
City Attorney

April 7, 1978

FROM: Supervisor Harvey Milk

RE: Proposed transfer tax legislation, File #120-78-1

The ordinance I introduced on the transfer tax for real estate speculation was referred to your office for approval and revisions.

I understand that Supervisor Kopp will calendar the item for a hearing in the Finance Committee on Wednesday, May 3. As we expect a considerable number of people to attend this hearing, both Supervisor Kopp and myself would greatly appreciate your office forwarding an approved ordinance to the Committee by that time.

4/7 - Spoke to Kopp  
Called Milk into office  
+ explained we had  
orig. or legis. on mt. for 5/3  
ad for 5/3 + legis. on mt.

S F Examiner 4/9/78

## Editorial Comment

# Vicious and Pernicious

THE FINANCE COMMITTEE of the San Francisco Board of Supervisors has lately been fighting off, with some success, one of the most vicious and pernicious housing tax proposals that has come along in years. Since the struggle isn't over yet, we think an exploration of the present battleground may perhaps be of interest and a useful warning to all cities and counties of the Bay Area.

There is a highly vocal movement of protest, here in this city, against so-called "speculation" in real estate sales. It is led by the San Francisco Housing Coalition and it packs public meetings with angry persons demanding what can only be called outright confiscation of profits on short-term real estate sales.

Several hundred shrill and agitated partisans of the movement milled around the San Francisco supervisors' chambers the other day, clamoring for consideration of their proposal for cutting into the profits of sellers of residential housing in San Francisco. While the Coalition got nowhere at that meeting, another meeting of the Finance Committee of the board is coming up next Friday at the call of Supervisor Harvey Milk which promises to be a rouser.

The San Francisco Housing Coalition sets as its goal to tax "on a progressively scaled and graduated basis the transfer of residential property bought and sold within five years."

The proposal is to work this way:

Whenever a seller turns over a residential property within one year of his purchase of it, the difference between the price paid and the price received will be taxed at 80 percent. When the sale occurs within the second year after purchase, the rate goes down to 60 percent, and scales down from that through the third, fourth and fifth years.

All this is proposed in the name of "providing for a disincentive to short-term speculation on residential property."

If an 80 percent tax is to be imposed on a short-term capital gain, we can only say that the Housing Coalition has gone a lot farther toward confiscation of profits than any Congress of the United States has gone in its treatment of capital gains on assets held short term or long term. An 80 percent tax is outrageously high, punitive and unfair. Furthermore, it wouldn't work in the way the Coalition presumably intends, for instead of opening up the housing market to sales at uninflated prices (which is what any buyer would like to see), the tendency of sellers would be to hang on to their property long enough to realize a profit beyond the reach of these vindictive rates.

We can't believe that anyone at all experienced in buying and selling in a free market — for housing, for food and clothing, for widgets, for whatever you like — could believe an 80 percent capital gains tax would encourage the fluidity of the San Francisco real estate market. On the contrary, it would freeze it up tight. And Supervisor Harvey Milk and Coalition leader Calvin Welch would be feeling very foolish.

Such a tax would also stop those real estate investors who purchase a property and then put a considerable amount of money into refurbishing it before resale. This type of transaction has been expanding in San Francisco and is a principal reason why, unlike so many other metropolitan areas, this city has been winning the battle against urban blight.

★ ★ ★

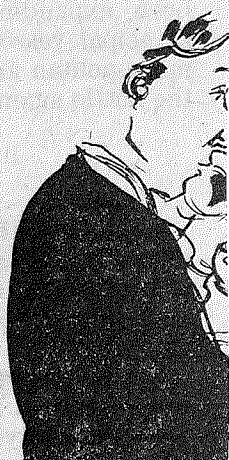
WHENEVER THE INHERENT value of property is artificially reduced, by government regulation, it creates a disinclination on the part of potential investors to put money into the property. Without investment, property cannot be maintained over the long haul, much less improved. The effects of rent control on New York City are a clear example of this.

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and radio announcers were  
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ed start pronouncing India

## The Now Societ



314-67

FILE NO. 9-57-12 ORD. NO. —  
ACCEPTING THE ROADWAY OF  
QUINT STREET BETWEEN OAKDALE  
AND JERROLD AVENUES AND OTHER  
LOCATIONS, INCLUDING CERTAIN  
INTERSECTIONS AND THE  
CURBS.

Be it ordained by the People of the  
City and County of San Francisco:

Section 1. Pursuant to Department  
of Public Works, Completion Certifi-  
cates No. 1452, No. 1451, No. 1454,  
No. 1455, Department of Public  
Works Order No. 77 508 and Section  
103 of the Charter, the roadways and  
curbs of the following designated  
streets are hereby accepted by the  
City and County of San Francisco:

Quint Street between Oakdale and  
Jerrold Avenues, including the inter-  
sections of Newcomb, McKinnon and  
Jerrold Avenues, with Quint Street;  
The intersection of Van Dyke Ave-  
nue and Hayes Street;

Beach Street — Powell Street to  
Mason Street;

Beach Street — Leavenworth  
Street to Hyde Street;

Bush Street — Market Street to  
Battery Street;

California Street — Jones Street to  
Leavenworth Street;

Cherry Street — Clay Street to Ter-  
minus N. of Jackson Street;

Chestnut Street — Larkin Street to  
70' W. of Larkin Street;

Clay Street — Drumm Street to  
Davis Street;

Columbus Avenue — North Point  
Street to Beach Street;

Francisco Street — Montgomery  
Street to Kearny Street;

Francisco Street — Leavenworth  
Street to Hyde Street;

Front Street — Union Street to Fil-  
bert Street;

Fulton Street — Leavenworth  
Street to Larkin Street;

Geary Street — Hyde Street to Lar-  
kin Street;

Grant Avenue — Francisco Street  
to 120' N. of Francisco Street;

Greenwich Street — Larkin Street  
to Polk Street;

Hyde Street — Grove Street to Ful-  
ton Street;

Hyde Street — Greenwich Street to  
Lombard Street;

Hyde Street — Chestnut Street to  
Beach Street;

Jefferson Street — Powell Street to  
Mason Street;

Jefferson Street — Taylor Street to  
Hyde Street;

Jones Street — Eddy Street to El-  
lis Street;

Jones Street — Broadway to Valle-  
jo Street;

Jones Street — Union Street to  
Filbert Street;

Jones Street — Francisco Street to  
Bay Street;

Kearny Street — Clay Street to  
Washington Street;

Kearny Street — Broadway to Val-  
lejo Street;

Kearny Street — Union Street to  
Filbert Street;

Kearny Street — Bay Street to  
North Point Street;

Larkin Street — Grove Street to  
Fulton Street;

Larkin Street — Washington Street  
to Jackson Street;

Leavenworth Street — North Point  
Street to Jefferson Street;

Mason Street — Ellis Street to  
O'Farrell Street;

Mason Street — Pine Street to  
Sacramento Street;

Mason Street — Francisco Street  
to Bay Street;

McKinnon Avenue — Lane Street  
to 200' E. of Lane Street;

Middle Point Road — Evans Ave-  
nue to West Point Road N.;

Montgomery Street — Union Street  
to Greenwich Street;

Ocean Avenue — Phelan Avenue to  
Howth Street;

Ocean Avenue — Tara Street to  
San Jose Avenue;

O'Farrell Street — Leavenworth  
Street to Hyde Street;

Paramount Terrace — Stanyan  
Street to 250' W. Stanyan Street;

Polk Street — North Point Street  
to Beach Street;

Polk Street — Ellis Street to O'Far-  
rell Street;

Powell Street — California Street  
to Sacramento Street;

Powell Street — North Point Street  
to Beach Street;

Sacramento Street — Leavenworth  
Street to Hyde Street;

Sacramento Street — Polk Street  
to Van Ness Avenue;

Stockton Street — Jackson Street  
to Pacific Avenue;

Stockton Street — Lombard Street  
to Chestnut Street;

Taylor Street — Sutter to Bush  
Street;

Taylor Street — California Street  
to Sacramento Street;

Taylor Street — Francisco Street  
to Bay Street;

Turk Street — Hyde Street to Polk  
Street;

Twenty-third Avenue — Cabrillo  
Street to Fulton Street;

Union Street — Kearny Street to  
Stockton Street;

Union Street — Hyde Street to  
Larkin Street;

Vallejo Street — Jones Street to  
200' E. of Jones Street;

Vallejo Street — Kearny Street  
to 200' E. of Kearny Street;

Van Ness Avenue — Union Street  
to Greenwich Street;

Van Ness Avenue — Bay Street to  
480' N. of North Point Street;

Washington Street — Powell Street  
to Mason Street;

Wawona Street — 24th Avenue to  
25th Avenue;

Elsie Street between Virginia and  
Esmeralda Avenues;

Newcomb Avenue between Quint  
and Rankin Streets, including the in-  
tersection of Newcomb Avenue and  
Rankin Street.

I hereby certify that the foregoing  
ordinance was passed for second  
reading by the Board of Supervisors  
of the City and County of San Fran-

cisco at its meeting of Dec. 12, 1967.

PHILIP P. ENGLER, Acting Clerk

JOHN F. SHELLEY, Mayor

Dec. 15, 1967

315-67

FILE NO. 101-87-2 ORD. NO. —  
PROVIDING FOR THE RAISING OF  
ADDITIONAL REVENUE BY IMPOS-  
ING A DOCUMENTARY STAMP TAX  
ON THE SALE OF REAL PROPERTY.

Be it ordained by the People of the  
City and County of San Francisco:

Section 1. Short title. This ordi-  
nance shall be known as the "Real  
Property Transfer Tax Ordinance." It  
is adopted pursuant to the authority  
contained in Part 6.7 (commencing  
with Section 11901) of Division 2 of  
the Revenue and Taxation Code of  
the State of California.

Section 2. Tax imposed. There is  
hereby imposed on each deed, in-  
strument or writing by which any  
lands, tenements, or other realty  
sold within the City and County of  
San Francisco shall be granted, as-  
signed, transferred or otherwise con-  
veyed to, or vested in, the purchaser  
or purchasers, or any other person  
or persons, by his or their direction,  
when the consideration or value of  
the interest or property conveyed  
(exclusive of the value of any lien or  
encumbrances remaining thereon at  
the time of sale) exceeds one hun-  
dred dollars (\$100), a tax at the rate  
of 55 cents (\$0.55) for each five hun-  
dred dollars (\$500) or fractional part  
thereof.

Section 3. Payment of tax. Any tax  
imposed pursuant to Section 2 here-  
of shall be paid by any person who  
makes, signs or issues any docu-  
ment or instrument subject to the  
tax, or for whose use or benefit the  
same is made, signed or issued.

Section 4. Instrument to secure  
debt. Any tax imposed pursuant to  
this ordinance shall not apply to any  
instrument in writing given to secure  
a debt.

Section 5. Exemptions. The United  
States or any agency or instrumen-  
tality thereof, any state or territory,  
or political subdivision thereof, or  
the District of Columbia shall not be  
liable for any tax imposed pursuant  
to this ordinance with respect to any  
deed, instrument, or writing to which  
it is a party, but the tax may be  
collected by assessment from any  
other party liable therefor.

Section 6. Exceptions. Any tax im-  
posed pursuant to this ordinance  
shall not apply to the making, deliv-  
ering or filing of conveyances to  
make effective any plan of reorgani-  
zation or adjustment:

(a) Confirmed under the Federal  
Bankruptcy Act, as amended;

(b) Approved in an equity receiver-  
ship proceeding in a court involving  
a railroad corporation, as defined in  
subdivision (m) of Section 205 of Title  
11 of the United States Code, as  
amended;

(c) Approved in an equity receiver-  
ship proceeding in a court involving  
a corporation, as defined in subdivi-  
sion (3) of Section 506 of Title 11 of  
the United States Code, as amended;

(d) Whereby a mere change in  
identity, form or place of organiza-  
tion is effected.

Subdivisions (a) to (d), inclusive,  
of this section shall only apply if the  
making, delivery or filing of instru-  
ments of transfer or conveyances oc-  
curs within five years from the date  
of such confirmation, approval or  
change.

Section 7. Orders of Securities &  
Exchange Commission. Any tax im-  
posed pursuant to this ordinance  
shall not apply to the making or  
delivery of conveyances to make ef-  
fective any order of the Securities &  
Exchange Commission, as defined in  
subdivision (a) of Section 1083 of the  
Internal Revenue Code of 1954; but  
only if:

(a) The order of the Securities &  
Exchange Commission in obedience  
to which such conveyance is made  
recites that such conveyance is nec-  
essary or appropriate to effectuate  
the provisions of Section 79K of Title  
15 of the United States Code, relat-  
ing to the Public Utility Holding  
Company Act of 1935;

(b) Such order specifies the prop-  
erty which is ordered to be con-  
veyed;

(c) Such conveyance is made in  
obedience to such order.

Section 8. Application to partner-  
ships. (a) In the case of any realty  
held by a partnership, no levy shall  
be imposed pursuant to this ordi-  
nance by reason of any transfer of  
an interest in a partnership or  
otherwise, if:

(1) Such partnership (or another  
partnership) is considered a contin-  
uing partnership within the meaning  
of Section 708 of the Internal Re-  
venue Code of 1954; and

(2) Such continuing partnership  
continues to hold the realty con-  
cerned.

(b) If there is a termination of  
any partnership within the meaning  
of Section 708 of the Internal Re-  
venue Code of 1954, for purposes of  
this ordinance, such partnership  
shall be treated as having executed  
an instrument whereby there was  
conveyed, for fair market value (ex-  
clusive of the value of any lien or  
encumbrance remaining thereon), all  
realty held by such partnership at  
the time of such termination.

(c) Not more than one tax shall be  
imposed pursuant to this ordinance  
by reason of a termination described

in subdivision (b), and any transfer  
pursuant thereto, with respect to the  
realty held by such partnership at  
the time of such termination.

Section 9. Documentary Stamps.  
The county recorder shall purchase  
from the State Board of Equalization  
adhesive stamps in suitable denomi-  
nations to be affixed to the deeds,  
instruments, and writings subject to  
tax pursuant to this ordinance.

Any person may purchase adhesive  
stamps from the county recorder.  
The recorder shall deposit the pro-  
ceeds from the sale of stamps in the  
county treasury within the time and  
in the manner prescribed by the law.

The recorder shall repurchase any  
unused adhesive stamps sold by him  
pursuant to this ordinance. As used  
in this ordinance "adhesive stamps"  
means any indicia of the tax im-  
posed pursuant to this ordinance  
which is authorized by law and fur-  
nished by the State Board of Equaliza-  
tion.

Section 10. Administration by  
County Recorder. The county rec-  
order shall administer this ordinance.

On or before the fifteenth day of  
the month the recorder shall report  
to the county auditor the amounts of  
taxes represented by stamps affixed  
to documents recorded during the  
preceding month pursuant to this  
ordinance.

Section 11. Recordation. The re-  
corder shall not record any deed,  
instrument or writing subject to the  
tax imposed by this ordinance un-  
less the stamps described in Section  
9 are affixed thereto having a face  
value equal to the total amount of  
the tax due under this ordinance. If  
the party submitting the document  
for recordation so requests, stamps  
having face value equal to the total  
amount of tax due under this ordi-  
nance may be deposited with the  
recorder and shall be affixed to the  
document by the recorder after the  
permanent record is made and be-  
fore the original is returned as spec-  
ified in Section 27321 of the Govern-  
ment Code.

Every document subject to tax  
hereunder which is submitted for  
recordation shall show on the face  
of the document or in a separate  
document the amount of taxes due  
under this ordinance and the re-  
corder may rely thereon.

Every document subject to tax  
hereunder which is submitted for  
recordation shall show on the face  
of the document, or in a separate  
document, the location of the lands,  
tenements or other realty described  
in the document.

Section 12. Cancellation of stamps.  
The recorder shall cancel the stamps  
affixed to any document by printing  
or stamping thereon the date of af-  
fixation or recordation.

Section 13. Claims for refunds.  
Claims for refunds of taxes imposed  
pursuant to this ordinance shall be  
governed by the provisions of Chap-  
ter 5 (commencing with Section  
5096) of Part 9 of Division 1 of the  
Revenue and Taxation Code.

Section 14. Administration and in-  
terpretation. In the administration of  
this ordinance the recorder shall in-  
terpret its provisions consistently  
with those Documentary Stamp Tax  
Regulations adopted by the Internal  
Revenue Service of the United  
States Treasury Department which  
relate to the Tax on Conveyances  
and identified as Sections 47.4361-1,  
47.4361-2 and 47.4362-1 of Part 47 of  
Title 26 of the Code of Federal Re-  
gulations, as the same existed on No-  
vember 8, 1967, except that for the  
purposes of this ordinance, the de-  
termination of what constitutes  
"realty" shall be determined by the  
definition or scope of that term in  
the state law.

Section 15. Deficiency determina-  
tion. Whenever the county recorder  
has reason to believe that the full  
amount of tax due under this ordi-  
nance has not been paid, he may, by  
notice served upon any person liable  
therefor, require him to furnish a  
true copy of his records relevant to  
the amount of the consideration or  
value of the interest or property con-  
veyed.

Section 16. Penalty. Any person or  
persons who makes, signs, issues  
or accepts or causes to be made,  
signed, issued or accepted and who  
submits or causes to be submitted  
for recordation any deed, instrument  
or writing subject to the tax imposed  
by this ordinance and makes any  
material misrepresentation of fact  
for the purpose of avoiding all or  
any part of the tax imposed by this  
ordinance shall be guilty of a misde-  
meanor.

No person or persons shall be li-  
able, either civilly or criminally, for  
any unintentional error made in des-  
ignating the location of the lands,  
tenements or other realty described  
in a document subject to the tax  
imposed by this ordinance.

Section 17. Effective date. This or-  
dinance shall become operative at  
12:01 a.m., on January 1, 1968.

I hereby certify that the foregoing  
ordinance was passed for second  
reading by the Board of Supervisors  
of the City and County of San Fran-  
cisco at its meeting of Dec. 4, 1967.

PHILIP P. ENGLER, Acting Clerk  
Dec. 7, 1967—11

NOTICE OF FINAL PASSAGE  
FILE NO. 101-87-2 ORD. NO. 315-67

PROVIDING FOR THE RAISING OF  
ADDITIONAL REVENUE BY IMPOS-  
ING A DOCUMENTARY STAMP TAX  
ON THE SALE OF REAL PROPERTY.

I hereby certify that the foregoing  
ordinance was read for the second  
time and finally passed by the Board  
of Supervisors of the City and  
County of San Francisco at its meet-  
ing of Dec. 11, 1967.

PHILIP P. ENGLER, Acting Clerk  
Approved: Dec. 12, 1967

JOHN F. SHELLEY, Mayor  
Dec. 15, 1967

FILE NO. 101-87-2  
AUTHORIZING  
LITIGATION  
AGAINST THE  
CITY AND COUNTY  
OF SAN FRANCISCO

Section 1. The  
hereby cert-  
ordnance was  
time and final  
of Supervisor  
County of San  
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PHILIP P.  
Approved: Dec.  
JOHN F.  
Dec. 15, 1967—11

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**NOTICE OF FINAL PASSAGE**  
**FILE NO. 167-68-1 ORD. NO. 154-68**  
**AMENDING ORDINANCE NO. 315-**  
**67, REAL PROPERTY TRANSFER TAX**  
**ORDINANCE, BY DELETING ALL**  
**REFERENCES TO STAMPS.**

I hereby certify that the foregoing ordinance was read for the second time and finally passed by the Board of Supervisors of the City and County of San Francisco at its meeting of June 10, 1968.

ROBERT J. DOLAN, Clerk  
Approved: June 13, 1968  
WILLIAM C. BLAKE, Acting Mayor  
June 18, 1968—1t

**FILE NO. 167-68-1 ORD. NO. 154-68**  
**AMENDING ORDINANCE NO. 315-**  
**67, REAL PROPERTY TRANSFER TAX**  
**ORDINANCE, BY DELETING ALL**  
**REFERENCES TO STAMPS.**

Be it ordained by the People of the City and County of San Francisco:

Section 1. The heading of Ordinance No. 315-67 is hereby amended to read as follows:

Providing For The Raising Of Additional Revenue By Imposing A Documentary Transfer Tax On The Sale Or Transfer Of Real Property.

Section 2. Section 9 of Ordinance No. 315-67 is hereby amended to read as follows:

Sec. 9. **Documentary Stamps.** The County Recorder shall repurchase any unused documentary tax stamps sold by him prior to July 1, 1968. The Recorder shall accept in payment of the tax any such stamps affixed to a document offered for recordation and shall cancel the stamps so affixed.

Section 3. Section 10 of Ordinance No. 315-67 is hereby amended to read as follows:

Sec. 10. **Administration by County Recorder.** The County Recorder shall administer this ordinance. On or before the 15th day of the month the Recorder shall report to the County Auditor the amounts of taxes collected during the preceding month pursuant to this ordinance.

Section 4. Section 11 of Ordinance No. 315-67 is hereby amended to read as follows:

Section 11. **Recordation.** The Recorder shall not record any deed, instrument or writing subject to the tax imposed by this ordinance unless the tax is paid. If the party submitting the document so requests, the amount of tax due shall be shown on a separate paper which shall be affixed to the document by the Recorder after the permanent record is made and before the original is returned as specified in Section 27321 of the Government Code.

Every document subject to tax hereunder which is submitted for recordation shall show on the face of the document or in a separate document the amount of taxes due under this ordinance and the recorder may rely thereon.

Every document subject to tax hereunder which is submitted for recordation shall show on the face of the document, or in a separate document, the location of the lands, tenements or other realty described in the document.

Section 5. Section 12 of Ordinance No. 315-67 is hereby repealed.

Section 6. **Effective Date.** The foregoing amendment shall become operative at 12:01 a.m. on July 1, 1968.

I hereby certify that the foregoing ordinance was passed for second reading by the Board of Supervisors of the City and County of San Francisco at its meeting of June 3, 1968.

ROBERT J. DOLAN, Clerk  
June 8, 1968—1t

**NOTICE OF FINAL PASSAGE**  
**FILE NO. 82-70 ORD. NO. 19-70**  
**AMENDING ORDINANCE NO. 315-67,**  
**RELATING TO IMPOSITION OF A**  
**DOCUMENTARY STAMP TAX, BY**  
**AMENDING SECTION 5 THEREOF,**  
**TO PROVIDE FOR THE EXEMPTION**  
**OF PUBLIC ENTITIES WHEN AC-**  
**QUIRING TITLE TO PROPERTY.**

I hereby certify that the foregoing ordinance was read for the second time and finally passed by the Board of Supervisors of the City and County of San Francisco at its meeting of Feb. 2, 1970.

ROBERT J. DOLAN, Clerk  
Approved: Feb. 10, 1970  
JOSEPH L. ALIOTO, Mayor  
Feb. 16 1970—1t

**FILE NO. 82-70 ORD. NO. —**  
**AMENDING ORDINANCE NO. 315-67,**  
**RELATING TO IMPOSITION OF A**  
**DOCUMENTARY STAMP TAX, BY**  
**AMENDING SECTION 5 THEREOF,**  
**TO PROVIDE FOR THE EXEMPTION**  
**OF PUBLIC ENTITIES WHEN AC-**  
**QUIRING TITLE TO PROPERTY.**

Be it ordained by the People of the City and County of San Francisco:

Section 1. Ordinance No. 315-67 is hereby amended by amending Section 5 thereof, to read as follows:

Sec. 5. **Exemptions.** Any deed, instrument or writing to which the United States or any agency or instrumentality thereof, any state or territory, or political subdivision thereof, is a party shall be exempt from any tax imposed pursuant to this ordinance when the exempt agency is acquiring title.

I hereby certify that the foregoing ordinance was passed for second reading by the Board of Supervisors of the City and County of San Francisco at its meeting of Jan. 25, 1970.

ROBERT J. DOLAN, Clerk  
Jan. 31, 1970—1t

FILE NO. 157-75

ORDINANCE NO. 355-76

1 AMENDING ORDINANCE NO. 315-67 BY AMENDING SECTION 2 THEREOF,  
2 RELATING TO THE RATE OF THE TAX IMPOSED.

3  
4 Be it ordained by the People of the City and County of San Francisco:

5 Section 1. Ordinance No. 315-67 is hereby amended by amending

6 Section 2 thereof, to read as follows:

7 Section 2. Tax Imposed. There is hereby imposed on each deed,  
8 instrument or writing by which any lands, tenements, or other realty  
9 sold within the City and County of San Francisco shall be granted,  
10 assigned, transferred or otherwise conveyed to, or vested in, the  
11 purchaser or purchasers, or any other person or persons, by his or  
12 their direction, when the consideration or value of the interest or  
13 property conveyed (exclusive of the value of any lien or encumbrances  
14 remaining thereon at the time of sale) exceeds one hundred dollars  
15 (\$100), a tax at the rate of two dollars and fifty cents (\$2.50) for  
16 each five hundred dollars (\$500) or fractional part thereof.

Passed for Second Reading  
Board of Supervisors, San Francisco

AUG 11 1975

Ayes: Supervisors BARBAGELATA, Feinstein, Fran-  
cois, Gonzales, Kopp, Mendelsohn, Molinari, Nel-  
der, Pelosi, Tamaras, von Beroldingen.

Noes: Supervisors BARBAGELATA, KOPP  
TAMARAS

Absent: Supervisors

*W. H. Brown* Clerk

157-75  
File No. AUG 13 1975  
Approved

Read Second Time and Finally Passed  
Board of Supervisors, San Francisco

AUG 11 1975

Ayes: Supervisors BARBAGELATA, Feinstein, Fran-  
cois, Gonzales, Kopp, Mendelsohn, Molinari, Nel-  
der, Pelosi, Tamaras, von Beroldingen.

Noes: Supervisors BARBAGELATA, KOPP

Absent: Supervisors FRANCOIS, PELOSI

TAMARAS

I hereby certify that the foregoing ordinance was  
finally passed by the Board of Supervisors of the  
City and County of San Francisco.

*W. H. Brown* Clerk

*Robert H. Mendell*  
Mayor



## DEAR LANDLORD: YOU HAVE A FRIEND IN HOWARD JARVIS

"... The man behind the tax initiative is wielding a two-edged sword. He'll cut taxes for property owners, but someone has to pay ...."



All you really need to know about the property tax initiative on the June ballot is that Howard Jarvis, the 75-year-old sponsor of the proposition, is also the paid director of an association of apartment house owners in Los Angeles. And so it should not come as a surprise that the prime beneficiaries of the property tax reduction proposal would be the apartment house owners of California.

If the measure, which will appear on the ballot as Proposition 13, is approved by the state's voters on June 6—and if it is found to be constitutional by the courts after the inevitable legal challenges—property tax bills would drop by a total of about \$8 billion. Of course, home owners and businesses would enjoy the benefits of the cutback, too—but does anyone think that owners of apartment houses will pass their tax savings on to their tenants?

No one can be sure how the initiative will affect each individual taxpayer because we don't know which taxes—if any—the Legislature would increase to make up the loss. But the obvious candidates for increases are the sales tax and the personal income tax, which are already the state's top revenue producers. So renters would get clobbered both ways—they may not get their full share of the property tax cuts, but they will have to carry their full load of the increases in other taxes.

*Ed Salzman is editor of the California Journal. His latest book is The Cartoon History of California Politics.*

If Howard Jarvis and his 65-year-old cosponsor, Paul Gann, of Sacramento, get their way, the renter's dilemma may never arise because the state won't be able to make up the loss by raising other taxes. Jarvis has already announced plans to qualify another proposition for the November ballot, a measure that would ban increases in the sales and income taxes.

Gadfly Jarvis, who has been crusading for conservative causes for 50 years, insists that no new taxes would be necessary because local government—which stands to lose \$8 billion in revenue, or about one third of the property taxes now paid by Californians—would still have some \$33 billion to spend and could simply tighten its belt a couple of notches. Paul Gann adds that the basic assumption behind the initiative is that government is "horribly bloated and wasteful." The power of the purse strings, he argues, must be restored to the people. And here is how the Jarvis-Gann initiative would do it:

□ Beginning in July, the property tax could not exceed 1 percent of market value—and the valuations would be based on 1975 prices. As a result, the average property tax bill would be cut by two thirds.

□ The maximum increase resulting from inflation could not exceed 2 percent per year. Under one provision, the 2 percent limit would not apply if a piece of property is sold. Thus two identical homes, sitting side by side, might carry dramatically different tax rates if one

remains in the hands of the same owner and the other is sold several times. When the initiative reaches the courts, I can't see how this provision will withstand the constitutional test of equal protection under the law.

□ No local government taxes could be raised except by a two-thirds vote of the "qualified electors"—and no property taxes of any kind could be imposed except by repealing the Jarvis initiative. Some experts claim that the term "qualified electors" refers to registered voters; if they are right, a tax proposal that wins approval in an election could fail if less than two thirds of the registered voters turned out to vote.

□ The newly reduced property tax revenues would be distributed by the counties to the various local agencies within each county. This would result in open warfare among school districts, cities and other agencies for the precious few dollars that would be dispensed by the county. And wouldn't the county give itself preference on these dollars?

Of course, the politicians in Sacramento—and in almost every City Hall in the state—are screaming about the chaos that would follow if the initiative is passed. "We would be faced with nothing short of disaster," warns C. Erwin Piper, the city administrative officer of Los Angeles. Approval of the Jarvis initiative, he says, "would bring the city's operations to a complete halt." But I think the Sacramento crowd brought the curse upon itself by failing to pass a property tax relief bill last year.

Despite the complaints of Jarvis and Gann about government inefficiency, local officials are hardly to blame. The costs of providing local public services have risen substantially in recent years, and there have been relatively few avenues open for new income. Although Piper may be exaggerating about the devastating effects of the Jarvis initiative, I don't think there is any doubt that local government would be unable to provide a satisfactory level of service if the measure is approved and the funds are not replaced by other levies. The vital services that need the money most—including police and fire services and the public schools—would be hit

Within the next few months, virtually every major newspaper in the state will take a stand against the Jarvis initiative. Almost every local government agency will adopt resolutions warning of impending doom if the measure is approved. These opponents of the initiative will point out that there's no realistic way for state and local government to replace the loss of \$8 billion in property tax revenue.

Take it away from big business, you say. The bank and corporation tax now totals \$1.9 billion. Is it realistic to quadruple this levy, even though business interests would be a major beneficiary of the property tax cutbacks?

billion is provided by the income tax. Would the Legislature dare increase that levy by 150 percent when middle-class Californians are crying for cost-of-living reductions in income tax to offset the effects of inflation?

There is no question that many California home owners who have seen their property taxes rise rapidly as a result of inflation in the housing industry found the initiative attractive. What they didn't notice is that their income taxes, in most cases, were rising at an even faster rate—and the pressure to raise these taxes even higher will be intense if the measure passes.

"The hotel manager called me and said he had a delegate who needed a room," Jarvis recalls. "I had an empty suite so I told him to send the guy up. There was a knock on the door, and standing there was a tall guy with an overcoat, a straw hat and a suitcase in his hand. He said his name was Earl Warren."

Jarvis also took on the job of director of the Apartment Association of Los Angeles, Inc. If the Jarvis initiative succeeds, he will have earned every cent that he has ever received from his employer. In fact—because it will ease the burden of the landlord while squeezing the tenant—the proposition that has become known as the Jarvis initiative should probably be called the Apartment House Owners' Enrichment Act of 1978.



*Clerk Finance*

RECEIVED  
CITY AND COUNTY OF SAN FRANCISCO  
BOARD OF SUPERVISORS  
SAN FRANCISCO

GEORGE AGNOST  
CITY ATTORNEY  
CITY HALL

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BY \_\_\_\_\_

*aff*

March 29, 1978

*File 120-78*

OPINION NO. 78-31

*120-78-1*

SUBJECT: Tax on Short Term Speculative Profits  
from the Sale of Residential Real Estate

REQUESTED BY: Gilbert H. Boreman  
Clerk of the Board of Supervisors

PREPARED BY: John J. Doherty  
Deputy City Attorney

QUESTIONS PRESENTED

*#2*  
Refers to proposal of  
S F Housing Coalition

Please review and comment upon a proposed real property transfer tax, under which a tax would be imposed on short term speculative profits from the sale of residential real estate, with the rate of tax gradually declining the longer the property is held.

CONCLUSION

1. The threshold question implicit in your request is whether or not San Francisco can enact a valid tax on short term speculative profits from the sale of residential real estate.

- A. The California Supreme Court is about to decide the case of Weekes v. City of Oakland (No. SF 23598, argued May 2, 1977), which will become the landmark case concerning the validity, and the interpretation, of Revenue & Taxation Code Section 17041.5, which purports to prohibit municipal taxes on income, or any portion thereof. No legal opinion on the proposed tax can be definitive until the Weekes case is decided.

OPINION NO. 78-31

Gilbert H. Boreman

2

March 29, 1978

- B. Under the present state of the law, it is my opinion that such a tax is not prohibited either by Revenue & Taxation Code Section 17041.5 or by Revenue & Taxation Code Section 11901, et seq., or by the Equal Protection Clauses of the United States or California Constitutions. Such a tax therefore would be valid. If the tax somehow were indexed to inflation (as, for example, if the tax were imposed only on speculative profits over and above appreciation consistent with inflation as measured by the consumer price index), it is even more likely that the tax would be upheld.
2. The proposed ordinance sets the rate of tax on speculative profits at 80% if the sale occurs within one year after purchase. The tax is more likely to be upheld if a somewhat lower rate of maximum tax is utilized.
3. The proposed ordinance contemplates the use of "adhesive stamps" to be purchased by the Recorder from the State Board of Equalization. No such "adhesive stamps" are available from the State Board of Equalization and the present system of real property transfer taxes does not utilize tax stamps.
4. This Office also recommends several non-substantive minor revisions in the language of this ordinance, and would be pleased to work with the Committee on said revisions.

ANALYSIS

The threshold question implicit in your request is whether or not San Francisco can enact a valid tax on short term speculative profits from the sale of residential real estate.

A San Francisco tax on short term speculative profits from the sale of residential real estate will be attacked on at least three different theories.

First, it will be argued that such a tax is invalid under Section 17041.5 of the Revenue and Taxation Code of the State of California, which reads in pertinent part as follows:

OPINION NO. 78-31

Gilbert H. Boreman

3

March 29, 1978

"Notwithstanding any statute, ordinance, regulation, rule or decision to the contrary, no city, county, city and county, governmental subdivision, district, public and quasi-public corporation, municipal corporation, whether incorporated or not or whether chartered or not, shall levy or collect or cause to be levied or collected any tax upon the income, or any part thereof, of any person, resident or nonresident.

"This section shall not be construed so as to prohibit the levy or collection of any otherwise authorized license tax upon a business measured by or according to gross receipts."

San Francisco would respond with the following counter arguments:

- (1) The California Legislature is powerless to statutorily prohibit a "home rule" chartered city from exercising its inherent, constitutionally established power to raise revenue by way of taxation. See: Ex parte Braun (1903) 141 Cal. 204; Redwood Theaters v. City of Modesto (1948) 86 Cal.App.2d 907; American Locker Co. v. City of Long Beach (1946) 75 Cal.App.2d 280.
- (2) Rev. & T. C. § 17041.5 never was intended to prohibit a tax on short term speculative profits from the sale of residential real estate.

Although the question is not entirely free from doubt, it is my opinion that, under the present state of the law, arguments suggesting the invalidity of such a tax by reason of Rev. & T. C. § 17041.5 are not well taken and that a San Francisco tax on short term speculative profits from the sale of residential real estate would be upheld by the courts.

If the tax somehow were indexed to inflation (as, for example, if the tax were imposed only on those speculative profits over and above appreciation consistent with the rate of inflation, as measured by the Consumers Price Index or some other reliable index), it is even more likely that the tax would be upheld.

Gilbert H. Boreman

4

March 29, 1978

I must also advise you, however, that the California Supreme Court is about to decide the case of Weekes v. City of Oakland (No. SF 23598, argued May 2, 1977) concerning the validity of Oakland's "Employee License Fee Ordinance", a tax on employees measured by gross earnings. It is contended that the Oakland tax is invalid under Rev. & T. C. § 17041.5. Oakland contends, among other things, that (1) a State statutory provision cannot prohibit a "home rule" chartered city from exercising its constitutionally guaranteed power to raise revenue by way of taxation, and (2) Rev. & T. C. § 17041.5 never was intended to prohibit a municipal tax measured by gross earnings.

The legal issues in Weekes, you will note, are substantially similar to the questions raised by the proposed tax on short term speculative profits from the sale of residential real estate. Accordingly, no legal opinion on the proposed tax can be definitive until the California Supreme Court issues its decision in Weekes, which has been under submission almost eleven months.

Second, it will be argued that the proposed tax is preempted by the California "Documentary Transfer Tax Act", contained in Part 6.7 (commencing with Section 11901) of Division 2 of the Revenue and Taxation Code of the State of California,

The State "Documentary Transfer Tax Act" became law pursuant to Chapter 1332 of the Statutes of 1967. Section 1 of this chapter law created the "Documentary Stamp Act" which authorized counties and cities to enact a documentary transfer tax consistent with the state legislation. Section 2 of the same chapter law, which is uncoded, reads as follows:

"No city or county shall directly or indirectly impose a tax on transfers of real property which is not in conformity with this part. As used in this section 'city' does not include a chartered city and 'county' does not include a city and county."

This uncoded Section 2 manifests a legislative intention that a city and county, or a chartered city, was to be free to enact a documentary transfer tax ordinance

Gilbert H. Boreman

5

March 29, 1978

"not in conformity" with the State act. The City and County of San Francisco is the only city and county in the State, and in addition qualifies as a chartered city. West Coast Advertising Co. v. San Francisco (1939) 14 Cal.2d 516.

This special treatment of chartered cities, and cities and counties, is consistent with the well settled rule in California that under Article XI, Section 5 (formerly art. XI, §§ 6 and 8) of the California Constitution, chartered cities, including the City and County of San Francisco, are autonomous in respect to their municipal tax affairs and are free from control by the California Legislature with respect to the exercise of the inherent constitutional power to raise revenue by way of taxation. West Coast Advertising Co. v. San Francisco (1939) 14 Cal.2d 516; Ainsworth v. Bryant (1949) 34 Cal.2d 465; City of Glendale v. Trondsen (1957) 48 Cal.2d 93; Ex parte Braun (1903) 141 Cal. 204; City of Grass Valley v. Walkinshaw (1949) 34 Cal.2d 595; In re Nowak (1921) 184 Cal. 701; Redwood Theaters v. City of Modesto (1948) 86 Cal.App.2d 907; American Locker Co. v. City of Long Beach (1946) 75 Cal.App.2d 280.

As indicated previously, the autonomy of chartered cities over their municipal tax affairs (Cal. Const. art. XI, § 5) is such that chartered cities are not bound by State legislation which purports to restrict, curtail or prohibit "home rule" chartered cities from exercising the inherent constitutional power to raise revenue by way of taxation. Ex parte Braun, supra; Redwood Theaters v. City of Modesto, supra; American Locker Co. v. City of Long Beach, supra. Charter city taxes do, of course, remain subject to restrictions contained in the city's charter, or in the State or Federal Constitution.

Third, it will be argued that the proposed tax, at least if imposed at rates as high as 80% of speculative profits, would be invalid as a confiscatory and prohibitory tax. California apparently recognizes the rule that a tax cannot be set at a confiscatory or prohibitory rate. See: Auston v. Wilson (1938) 27 Cal.App.2d 124; Merced County v. Fleming (1896) 111 Cal. 46. However, no case has been found which establishes definitively a point where a particular tax becomes prohibitory or confiscatory. It should be noted that the federal income tax on unearned income, and the

Gilbert H. Boreman

6

March 29, 1978

federal estate tax, both utilize a maximum tax rate of 70%. Accordingly, although it is my opinion that a tax on speculative profits (as distinguished from a tax on gross receipts for example) would seldom infringe upon the prohibition against confiscatory and prohibitory taxes, nevertheless, it is my further opinion that the proposed would be more likely to be upheld if the maximum tax were fixed at a rate below 70%.

Fourth, it will be argued that classifications made by the proposed ordinance -- for example, between residential property and nonresidential property, between short term sales and longer term sales -- violate the equal protection clauses of the United States and California Constitutions. However, the rule is that, where taxation is concerned, State and local legislative bodies have the greatest degree of flexibility in making classifications. Lehnhausen v. Lake Shore Auto Parts Co. (1973) 35 L.Ed.2d 351; Madden v. Kentucky (1940) 309 U.S. 83. An exception exists in the rare instances where the tax infringes on a fundamental right or establishes a "suspect classification". Here, there would appear to be a rational basis for the various classifications established by the proposed ordinance, and none of those classifications either qualifies as a "suspect classification" (such as race or religion) or infringes upon some fundamental personal right (such as the right to vote or the right of free speech). The proposed ordinance does not violate equal protection.

You are accordingly advised that under the present state of the law, and subject to the upcoming decision of the California Supreme Court in Weekes, San Francisco has the power to enact a tax on short term speculative profits from the sale of residential real estate, particularly if the tax somehow is indexed so as to apply only to those speculative profits over and above appreciation consistent with the rate of inflation, as measured by some reliable index.

However, certain additional problems arise by reason of the particular ordinance proposed by the San Francisco Housing Coalition.

The proposed ordinance contemplates the use of "adhesive stamps" to be purchased by the Recorder from the State

OPINION NO. 78-31

Gilbert H. Boreman

7

March 29, 1978

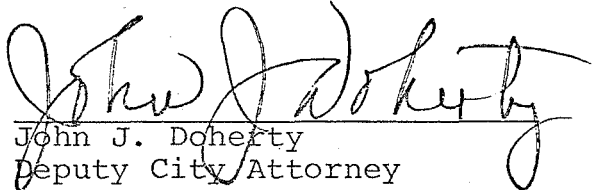
Board of Equalization. The idea of utilizing "adhesive stamps" conceivably is intended to dovetail with former Rev. & T. C. 11931, but that section was repealed in 1968 (Stats 1968, ch. 17, § 7). No such "adhesive stamps" presently are available from the State Board of Equalization and the present system of imposing real property transfer taxes does not utilize tax stamps. The provision for "adhesive stamps" should be deleted from the proposed ordinance.

Additionally, I would have several minor, nonsubstantive recommendations. The definition of "residential property" should be made more specific. The recital that the ordinance "is adopted pursuant to the authority" contained in the State "Documentary Transfer Tax Act" should be deleted. The provision making the seller primarily liable for the tax should be clarified. The City Attorney's Office would be pleased to work with the Finance Committee on any revisions which it considers appropriate.

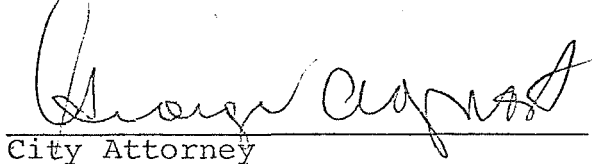
Very truly yours,

GEORGE AGNOST  
City Attorney

By

  
John J. Doherty  
Deputy City Attorney

APPROVED:

  
City Attorney

JJD:jj

January 27, 1978

File No. 120-78

Mr. George Agnost  
City Attorney  
Room 206, City Hall  
San Francisco, Ca.

Dear Mr. Agnost:

At the Finance Committee meeting of January 25, 1978, the proposed ordinance relating to amendment of Ordinance No. 315-67 (Documentary Stamp Transfer Tax) was discussed. At the time, a presentation was made by Mr. Calvin Welch of the San Francisco Housing Coalition regarding this matter.

Supervisor Quentin L. Kopp, Chairman, has requested that Mr. Welch's proposal be forwarded to you for review and comment, especially as to its legality.

This matter will be rescheduled the latter part of March or April. The Committee would appreciate receiving your opinion prior to that date so it may be reviewed by the members.

Very truly yours,

GILBERT H. BOREMAN  
Clerk of the Board

Enc.

cc: Supv. Quentin L. Kopp

bcc: Reading  
File

3/9/78 Deputy CA, David Goldman (x3221) has not received this letter or attachment. Dupl. provided.



Dougherty

SB

120-78-1

SAN FRANCISCO HOUSING COALITION  
PROPOSED TEXT OF A SPECULATION TAX ORDINANCE

AMENDMENT BY SUBSTITUTION OF THE WHOLE OF ORDINANCE NO. 315-67

FILE NO. \_\_\_\_\_ ORDINANCE NO. \_\_\_\_\_

Subst. #2 presented  
directly to CA  
by SF Housing  
Coalition on 2/5/78;

rec'd fm Mr.  
Dougherty, CA, on  
3/28/78

PROVIDING FOR A DISINCENTIVE TO SHORT-TERM SPECULATION ON  
RESIDENTIAL PROPERTY AND FOR THE RAISING OF ADDITIONAL REVENUE  
BY IMPOSING A DOCUMENTARY STAMP TAX ON THE SALE OF REAL PROPERTY.  
Whereas, there exists in San Francisco a situation in which short-  
term speculation in the housing market is artificially inflating  
the cost of homeownership and rental units beyond the financial  
reach of lower- and middle-income households, the goal of the  
Documentary Stamp Tax is to tax, on a progressively scaled and  
graduated basis, the transfer of residential property bought  
and sold within five years unless a hardship exists. Funds gen-  
erated from the tax shall accrue to the Municipal General Fund.

Section 1. Short Title. This ordinance shall be known as  
the "Real Property Transfer Tax Ordinance." (It is adopted pur-  
suant to the authority contained in Part 6.7 (commencing with  
Section 11901) of Division 2 and Taxation Code of the State of  
California.)

Section 2. Tax Imposed. There is hereby imposed on each  
deed, instrument or writing by which any lands, tenements, or  
other realty sold within the City and County of San Francisco  
shall be granted, assigned, transferred or otherwise conveyed to,  
or vested in, the purchaser or purchasers, or any other person or  
persons, by his or their direction, when the full actual consid-  
eration or the value of the interest or property conveyed (in-

cc to Committee  
Chairman of Committee  
3/30/78

clusive of the value of any lien or encumbrances remaining thereon at the time of sale) exceeds one hundred dollars (\$100), a tax, as hereinafter described:

(a) On residential property, as defined in the Municipal Building Code, Article IV, Subsections 402.1.16, 402.4.23, and 402.12.15, and on any other property in which one or more floors are used for or intended for use as a residence as defined herein, the tax shall be .5% of the full actual consideration for which the property is now being sold. In addition, whenever the previous purchase price is smaller than the present selling price, the tax shall be:

(1) an amount equal to 80% of the difference between the full actual consideration for which the property was previously purchased and the full actual consideration for which the property is now being sold, whenever the present sale occurs within one year of the previous purchase;

(2) an amount equal to 60% of the difference between the full actual consideration for which the property was previously purchased and the full actual consideration for which the property is now being sold, whenever the present sale occurs more than one year but within two years of the previous purchase;

(3) an amount equal to 30% of the difference between the full actual consideration for which the property was previously purchased and the full actual consideration for which the property is now being sold, whenever the present sale occurs more than two years but within four years of the previous purchase;

(4) an amount equal to 15% of the difference between the full actual consideration for which the property was previously purchased and the full actual consideration for which the property is now being sold, whenever the present sale occurs more than four years but within five years of the previous purchase.

(b) On Commercial and industrial property, the tax shall be .5% of the full actual consideration for which the property is now being sold.

Section 3. Payment of Tax. Any tax imposed pursuant to Section 2 hereof shall be paid by any person who makes, signs, or issues any document or instrument subject to the tax, or for whose use or benefit the same is made, signed, or issued; more specifi-

1 cally, said tax shall be paid by the seller of the property or  
2 interest conveyed, the recording instrument of which shall be  
3 subject to this tax.

4  
5  
6  
7 Section 4. Exemptions. The following exemptions to the tax  
8 imposed pursuant to this ordinance are hereby established:

9 (a) The United States or any agency or instrumentality  
10 thereof, any state or territory, or political subdivision thereof,  
11 or the District of Columbia shall not be liable for any tax im-  
12 posed pursuant to this ordinance with respect to any deed, instru-  
13 ment or writing to which it is a party, but the tax may be col-  
14 lected by assessment from any other party liable therefor;

15 (b) Any sale of property which occurs on or after the sixty-  
16 second birthday of the seller, which is the principal residence of the seller,  
17 and which consists of 3 units or less, shall be taxed at .5% of the full  
18 actual consideration for which the property is now being sold.

19 (c) The sale of residential property which was acquired by  
20 the seller as unimproved residential property devoid of any resi-  
21 dential structures, notwithstanding the fact that the property  
22 be defined residential, shall be  
23 taxed at .5% of the full actual consideration for which the  
24 property is now being sold, whether the property has been improved  
25 by the seller or not.

26 Section 5. Permissible Deductions. (a) Deductions may be  
27 made only from that portion of the tax assessed upon the dif-  
28 ference between the full actual consideration for which residen-  
29 tial property was previously purchased and the full actual con-  
30 sideration for which the property is now being sold. Permissible  
31 deductions are limited to the following, provided that receipts  
32 are presented for all work claimed:

(1) The cost of all improvements made to the subject property, provided that they were made pursuant to a permit duly issued, and were required by applicable Codes of the City and County of San Francisco;

(2) The cost of all work which relates to the improvement of building insulation on the real property subject to the tax, and the cost of all work which relates to and includes the installation of energy and/or utility systems on the subject real property which serve as an alternative or a complement to utilities delivered by private sources, and which have been installed as integral parts of the utility system of that subject property;

(b) Whenever a deduction is claimed under this Section for residential rental property, the person claiming the deduction must demonstrate that any increase in rent which may have occurred during his or her ownership of the property has not already compensated for the costs of improvement.

Section 6. Exceptions. Any tax imposed pursuant to this ordinance shall not apply to the making, delivering or filing of conveyances to make effective any plan of reorganization or adjustment:

(a) Confirmed under the Federal Bankruptcy Act, as amended;

(b) Approved in an equity receivership proceeding in a court involving a railroad corporation, as defined in subdivision (a) of Section 205 of Title 11 of the United States Code, as amended;

(c) Approved in an equity receivership proceeding in a court involving a corporation, as defined in subdivision (3) of Section 506 of Title 11 of the United States Code, as amended; or

(d) Whereby a mere change in identity, form, or place of organization is effected.

Subdivisions (a) to (d), inclusive, of this section shall only apply if the making, delivery or filing of instruments of

transfer or conveyance occur within five years from the date of such confirmation, approval or change.

Section 7. Orders of the Securities and Exchange Commission.  
Any tax imposed pursuant to this ordinance shall not apply to the making or delivery of conveyances to make effective any order of the Securities and Exchange Commission, as defined in subdivision (a) of Section 1083 of the Internal Revenue Code of 1954; but only if

(a) The order of the Securities and Exchange Commission in obedience to which such conveyance is made recites that such conveyance is necessary or appropriate to effectuate the provisions of Section 79K of Title 15 of the United States Code, relating to the Public Utility Holding Company Act of 1935;

(b) Such order specifies the property which is ordered to be conveyed;

(c) Such conveyance is made in obedience to such order.

Section 8. Application to Partnerships. (a) In the case of any realty held by a partnership, no levy shall be imposed pursuant to this ordinance by reason of any transfer of an interest in a partnership or otherwise, if

(1) Such partnership for another partnership is considered a continuing partnership within the meaning of Section 708 of the Internal Revenue Code of 1954; and

(2) Such continuing partnership continues to hold the realty concerned.

(b) If there is a termination of any partnership within the meaning of Section 708 of the Internal Revenue Code of 1954, for purposes of this ordinance, such partnership shall be treated as having executed an instrument whereby there was conveyed, for fair market value (inclusive of the value of any lien or encumbrance remaining thereon), all realty held by such partnership at the time of such termination.

X  
Section 9. Adhesive Stamps and Disposition of Proceeds  
(a) The county recorder shall purchase from the  
State Board of Equalization adhesive stamps in suitable denomi-  
nations to be affixed to the deeds, instruments, and writings sub-  
ject to the tax pursuant to this ordinance. Any person may pur-  
chase adhesive stamps from the county recorder. The county  
recorder shall deposit the proceeds from the sale of stamps in  
the county treasury within the time and in the manner prescribed  
by the law.

(b) The county recorder shall repurchase any unused adhesive  
stamps sold to him pursuant to this ordinance. As used in this  
ordinance, "adhesive stamps" means any indicia of the tax imposed  
pursuant to this ordinance which is authorized and furnished by  
the State Board of Equalization.

Section 10. Administration by County Recorder. The county  
recorder shall administer this ordinance. On or before the  
fifteenth day of the month the recorder shall report to the county  
auditor the amounts of taxes represented by stamps affixed to  
documents recorded during the preceding month pursuant to this  
ordinance.

1       Section 11. Recordation. The recorder shall not record any  
2 deed, instrument, or writing subject to the tax imposed by this  
3 ordinance unless the stamps described in Section 10 are affixed  
4 thereto having a face value equal to the total amount of the tax  
5 due under this ordinance. If the party submitting the document  
6 for recordation so requests, stamps having face value equal to  
7 the total amount of tax due under this ordinance may be deposited  
8 with the recorder and shall be affixed to the document by the  
9 recorder after the permanent record is made and before the original  
10 is returned as specified in Section 27321 of the Government  
11 Code.

12       Every document subject to tax hereunder which is submitted  
13 for recordation shall show on the face of the document or in a  
14 separate document the amount of taxes due under this ordinance  
15 and the recorder may rely thereon.

16       Every document subject to tax hereunder which is submitted  
17 for recordation shall show on the face of the document, or in a  
18 separate document, the location of the lands, tenements, or other  
19 realty described in the document.

20       Section 12. Cancellation of Stamps. The recorder shall  
21 cancel the stamps affixed to any document by printing or stamping  
22 thereon the date of affixation or recordation.

23       Section 13. Claims for Refunds. Claims for refunds of  
24 taxes imposed pursuant to this ordinance shall be governed by the  
25 provisions of Chapter 5 (commencing with Section 5096) of Part 9  
26 of Division 1 of the Revenue and Taxation Code of the State of  
27 California.

28       Section 14. Administration, Interpretation, and Implementation.  
29 In the administration of this ordinance the recorder shall interpret  
30 its provisions consistently with those Documentary Stamp Tax  
31 Regulations adopted by the Internal Revenue Service of the United  
32 States Treasury Department which relate to the Tax on Conveyances

1 and identified as Sections 47.4361-1, 47.4361-2 and 47.4362-1 of  
2 Part 47 of Title 26 of the Code of Federal Regulations, as the  
3 same existed on November 8, 1967 except that for the purposes of  
4 this ordinance, the determination of what constitutes "realty",  
5 shall be determined by the definition or scope of that term under  
6 state law.

7 When the county recorder has made a determination as to the  
8 amount of Documentary Stamps to affix to any deed, instrument, or  
9 writing subject to the tax pursuant to this ordinance, he or she  
10 shall make available to the person or persons purchasing said  
11 stamps a copy of the entire ordinance which establishes the Real  
12 Property Transfer Tax, with specific reference being made to the  
13 method of Appeals, as hereinafter set out:

14 (a) In order to adjudicate any appeals arising out of the  
15 amount of any tax imposed pursuant to this ordinance, there is  
16 hereby established a Real Property Transfer Tax Appeals Board.  
17 Each San Francisco District Supervisor shall appoint one person to  
18 sit on the Board. Each person so appointed shall be a resident  
19 of the district of Supervisor making the appointment. The appoint-  
20 ments to the Board which are made by Supervisors from odd-numbered  
21 supervisorial districts shall be for a term of one year, where-  
22 upon the term of office for those positions shall become two  
23 years. The appointments to the Board which are made by Super-  
24 visors from even-numbered supervisorial districts shall be for a  
25 term of two years. Each person appointed to sit on the Board  
26 shall serve for a single term. There shall be no re-appointments,  
27 except that the initial appointees from the odd-numbered super-  
28 visorial districts may be re-appointed upon expiration of their  
29 one-year term for one additional two-year term. The Board will  
30 meet once a week, establish its own chair and operating proce-  
31 dures, and will select a staff which will not exceed two (2) per-  
32 sons selected from the Civil Service pool, subject to Civil Service



1 regulations. Each member of the Board will be paid \$25 for each  
2 meeting that he or she attends, with a maximum monthly ceiling of  
3 \$125 per Board member. The Board will be subject to any guide-  
4 lines and regulations developed by the Board of Supervisors.  
5 There will be no higher appeals board than the one hereby estab-  
6 lished; this provision in no way restricts the right of judicial  
7 review.

8 (b) Any person who purchases Documentary Stamps pursuant  
9 to this ordinance, and any Appeals Board member or District Supervisor, who  
10 has reason to believe that the county recorder erred in his or her deter-  
11 mination as to the amount of said stamps to affix to the subject deed, sub-  
12 ject to the tax pursuant to this ordinance may file an appeal.

13 (c) The Real Property Transfer Tax Appeals Board is also  
14 authorized to hear appeals from that portion of the tax assessed  
15 upon the difference between the full actual consideration for  
16 which the property was previously purchased and the full actual  
17 consideration for which the property is now being sold when its  
18 imposition would cause a hardship. Hardship relief available  
19 under this subsection is limited to property which is the prin-  
20 cipal residence of the seller and which consists of 3 units or less. The  
21 following circumstances form the bases for a hardship appeal:

22 (1) Sale of the property is necessitated by a change  
23 in the number of persons inhabiting it;

24 (2) Sale of the property is necessitated by a loss of  
25 income or increase in expenses which are beyond the control  
26 of the seller, or by a change in the seller's marital status;

27 (3) Sale of the property is necessitated by the dis-  
28 solution of the members of coöperatively-owned property;

29 (4) Sale of the property is necessitated by a job  
30 transfer of the seller to a location outside San Francisco;

31 (5) Any other similarly compelling circumstances.

32 (d) It shall be the responsibility of the Real Property

1 Transfer Tax Appeals Board to provide to the Board of Supervisors  
2 semi-annual reports which will review the activities of the Appeals  
3 Board and will provide a statistical breakdown as to yield of the  
4 tax, types and amounts of deductions granted, types and amounts of  
5 hardship relief granted, and any other information pertinent to  
6 the operations of the Appeals Board.

7 Section 15. Deficiency Determination. Whenever the county  
8 recorder has reason to believe that the full amount of the tax  
9 due under this ordinance has not been paid, he or she may, by  
10 notice served upon any person liable therefor, require him or her  
11 to furnish a true copy of the records relevant to the amount of  
12 the consideration or value of the interest or property conveyed.

13 Section 16. Penalty. Any person or person who makes, signs,  
14 issues or accepts or causes to be made, signed, issued or accepted  
15 and who submits or causes to be submitted for recordation any  
16 deed, instrument or writing subject to the tax imposed by this  
17 ordinance and makes any material misrepresentation of fact for the  
18 purpose of avoiding all or any part of the tax imposed by this  
19 ordinance shall be guilty of a misdemeanor.

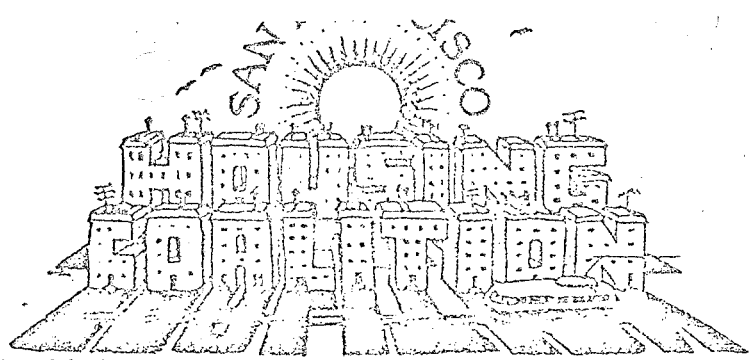
20 No person or persons shall be liable, either civilly or  
21 criminally, for any unintentional error made in designating the  
22 location of the lands, tenements, or other realty described in  
23 a document subject to the tax imposed by this ordinance.

24 Section 17. Effective Date. This ordinance shall become  
25 operative at 12:01 A.M. on \_\_\_\_\_, 1978.

As the Coalition argued in it's February 9th letter to this Committee, until the City develops the ability itself to build housing at prices families can afford, the structure of the City's housing stock "locks in " speculation. Since no such housing program exists in the City, the Board must act by adopting a strong anti-speculation ordinance.

The Coalition urges the Finance Committee to amend Supervisors Kopp's ordinance by substituting the whole of the Coalitions anti- speculation measure for his and voting the matter out of Committee today so that the full Board can act on Monday, April 3rd.

The Coalition then stads ready to work with this Committee or any other Committee of the Board to develop a program of municipally financed housing construction which will build new housing for families and seniors at prices under the presently specualtion dominated housing market.



944 Market Street • Room 701 • San Francisco, Ca. 94102 • 397-8589

ENDORSEMENT LIST FOR THE SAN FRANCISCO HOUSING COALITION'S REAL ESTATE  
TRANSFER TAX ORDINANCE

GROUPS

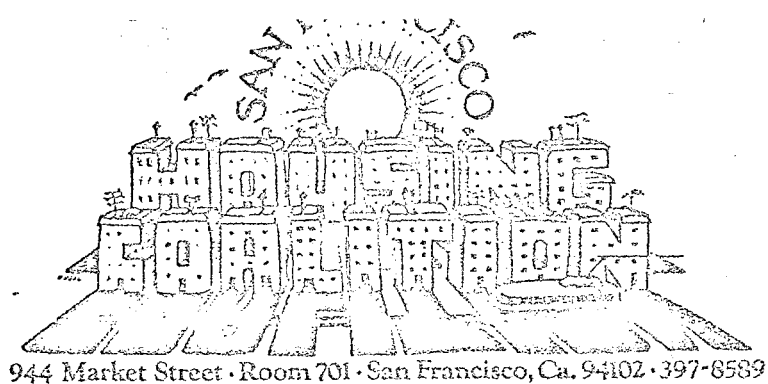
SF Human Rights Commission  
Archdiocesan Commission on Social Justice  
Grey Panther Housing Committee  
All People's Coalition  
Eureka Valley Promotion Assn.  
Noe Valley Neighbors in Action  
Alice B. Toklas Democratic Club  
Chinatown Coalition for Better Housing  
Potrero League of Active Neighbors  
Operation Upgrade  
Glide Seniors  
National Women's Political Caucus  
Consumer Action  
La Raza en Accion Local  
Women's Democratic Forum  
First Unitarian Task Force on Aging  
Duboce Triangle Assn.  
Bernal Heights Assn.  
Haight Ashbury Neighborhood Council  
District 1 Political Action  
District 11 Residents Assn.  
Legislative Council for Older Americans  
SF Gay Democratic Club  
Joint Strategy and Action Committee  
SF Black Political Caucus  
Board, First Unitarian Church  
Asian Law Caucus  
Union Wage  
Housing Rights Study Group  
Elsie Street Block Club (NWBBC)  
Young Democrats  
Campaign for Economic Democracy  
Citizens for Representative Government  
District 5 Congress Committee  
District 9 Congress Committee  
Bay Area Gay Liberation  
Mission Political Action Committee  
El Tecolote  
Haight Ashbury Children's Center  
Haight Community Food Store  
National Lawyers Guild  
People's Law School

Gay Action  
 Federation of Ingleside Neighbors  
 Western Addition Project Area Committee  
 Social Concerns Committee, First Unitarian Church  
 International Hotel Tenants Assn.  
 Bay Area Planners Network  
 Citizens for Justice  
 Third World Gay Caucus  
 SF Tenants Union  
 Unitarian Universalist Service Committee  
 SF Community Congress  
 SF Information Clearinghouse  
 Four-O-Nine House  
 Bay Area Women's Coalition

INDIVIDUALS (Affiliations for identification purposes)

Marilyn Smulyan (SF Tomorrow)  
 Tong Kilroy "  
 Marie Cleasby "  
 Sue Hestor. "  
 Bill Maher (Delancy Street)  
 Sylvester Herring "  
 Graciela Cashion (Latin American Seniors)  
 Robert Rohatch (ILWU Pensioners)  
 Vince Courtney (SEIU Local 400)  
 Jim Rivaldo  
 Fr. McKinnen (Bayview Ecumenical Ministry)  
 Ron Green (Friends of Noe Valley)  
 E. Marcia Smolens "  
 Sally Brunn "  
 William Kuhns "  
 Daniel Triolo "  
 Peyton Nattinger "  
 Anita Banash-Arlen "  
 Rev. Carl Smith (Noe Valley Ministry)  
 Bruce Stabro (Glen Park Assn.)  
 Charles R. Kruger "  
 Laura Goderez "  
 Jack Flannigan "  
 Dolores Tighe "  
 Steve LaPlante "  
 Bob Andrews "  
 Robert Brandeis "  
 Fred Perry "  
 Gene Coleman (Canon Kip)  
 Dian Bloomquist (Redevelopment Agency Commissioner)  
 Sue Bierman (City Planning Commissioner)  
 Doug Engmann (Board of Permit Appeals)  
 Enola Maxwell (Human Rights Commissioner)  
 Ida Strickland (Black Women Organized for Action)  
 Anne B. Daly  
 Terrence Hallinan  
 Lelia Medina (Commission on Status of Women)

William Shapiro (SF Rena. Dance)  
Evert Walsh (Local 1100)  
Larry Griffin (Young Democrats)  
Wade Hudson (Muni Coalition)  
Ester Coleman (Leg. Council Older Americans)  
Rev. David Rankin  
Sister Mary Jenny Sanford  
Hilda Cloud  
Don Zeigler  
Gil Graham  
Don Hesse (Council for Civic Unity)  
Roger Bernhardt  
Gordon Brownell  
Emory Curtis  
Peter Mendelshon  
Frank Fitch  
Kay Pachtner  
Francis Brown  
Walter Knox  
Ed Crocker  
Chester Hartman  
Ken McEldowney  
Linda Post  
Ellen Roberts  
Claude Wynne  
Howard Wallace  
David Looman  
David Frowler  
Dick Zevitz  
Jessie Tepper  
Ed Dunn  
Bobby Meredith  
Jason Goldstein  
Susan Anthony  
Regina Sneed  
Donna Soloman  
Leann Travers  
Bob Heacock  
Robert Devries  
Phil Canuto  
Willie Brown  
Art Agnos



## SUMMARY OF THE SAN FRANCISCO HOUSING COALITION'S RESEARCH INTO REAL ESTATE SPECULATION IN SAN FRANCISCO

### Introduction:

Beginning in the Fall of 1977 several housing and community groups in San Francisco came together to form the San Francisco Housing Coalition. One of the top items on the agenda for the Coalition was the problem of speculation in housing properties. Members of the Coalition were familiar with stories of huge rent increases, rapid turnover of properties, and large scale neighborhood dislocation. Speculation was defined as rapid turnover of housing properties in 5 years or less resulting in large profits, much higher rents, taxes and housing prices. An Anti-speculation tax was proposed by the Coalition. To document the problem the Coalition assembled a large number of volunteers and cooperating groups to pull together the data. There were two large sections to this efforts. One, summarized in this report was to collect and analyze data on the citywide aspects of the problem. The other was to document the immediate case studies of speculation -- on a house by house and neighborhood by neighborhood basis.

### Results

Some of the results of our research:

1. Speculation is real and widespread in the City of San Francisco. It can and has been documented.
2. The huge inflationary surge in San Francisco cannot be attributed merely to population and income changes.
3. Speculation has increased in the last few years and rapid turnover of property has increased and is pushing up the entire housing market.
4. The effects of speculation are citywide and the number of neighborhoods directly impacted is increasing.
5. That property turnover and the high rate of inflation are now on a high plateau with no signs of returning to normal following the incredible speculative boom of early 1977.
6. That it is a myth that speculation is at least accompanied by substantial rehabilitation. We cannot find the building permits to justify this.

would be an effective way to deal with the problem provided that the rates are not high. Low rates would be passed on--adding to inflation.

### Inflation and Speculation

The inflationary firestorm that has recently raged through the housing market of San Francisco really needs no documentation. Anyone who has looked for an apartment or home recently, or who has received a property tax or rent increase, knows all too well what is happening. The dream that many families held of owning their own single family home or of renting at reasonable rates has become just that--a dream. Decent housing, long a problem for the low income and minority groups is very difficult for even the middle classes. This is true throughout Northern California and is especially true in San Francisco. Why is this happening?

An examination of the data reveals that speculation, that is, a rapid flipping of residential properties in hopes of a quick and large profit, has become a dominant element in the ultra-inflationary market of the last few years in this city. There is no other way to explain the data.

### Root Causes of Housing Inflation

The reality of the escalation of housing costs in San Francisco cannot be explained by merely pointing at such things as the increase in population, the number of new families looking for a place to live, higher incomes, or the constant increase in the cost of living.

While it is true that "everything is going up" the cost of housing is leading the pack. The Real Estate Research Council compiles a price index for single family homes in San Francisco. The index shows that in the ten year period between 1967 and 77 prices have gone up an amazing 263.8%. This means that a house selling for 30,000 in 1967 would typically be selling for approximately 80,000 in 1977. They do not publish an index for multi-family housing--but our data tend to reveal similar runaway prices. During last year they reported that housing prices gained at an annual rate of 20 to 30% per year.

During the period from 1967 to 77 the general cost of living increased at a healthy clip, but "only" to 180% over 1967 prices. Compare this to the 263.8% above. See Chart 1 and Table 1. Housing costs are pulling up the cost of living by leading other elements in the general inflationary trend. It is instructive to see how housing costs in this city are out running the standard measures of costs, such as the Homeownership index, (See Table 2) and how that index in turn runs ahead of the the overall cost of living or Consumer Price Index for the Region.

### Population and Income

While it is certainly true that both population and income in Bay Area are still increasing, it is difficult to tie their increases to the huge jumps in San Francisco prices. In fact, in San Francisco the overall population is declining. The number of households, however, rose between 1950 and 70.



But in the period between 1970 and 75 the number decreased over 2%. Additionally, the percentage of one-person households has increased significantly. But whether the households are large or small, new or old, they cannot bid up the price of housing if they don't have the money. Eliminating the effects of inflation, real personal income in the area has increased about 16% from 1971 to 1977. This means two things: one, since housing prices are going very much faster than incomes, more and more people are being priced out of the market; and two, other factors must account for the increase in housing costs.

Focusing on the 6 year period between 1971 and 77 now, the cost of housing as measured by the Real Estate Council's Index increased by 147% for San Francisco. At the same time overall inflation jumped by 50%. Subtracting inflation from the 147% leaves us with 97% still unexplained. It is very unlikely that a 16% increase in real personal income could account for even a 16% increase in housing costs. This is because the increased income will be spent on other things besides housing, e.g., food and clothing. Even so, this leaves us with 80% increase over 6 years unexplained. This is over 13% per year, on the average.

As startling as the increases are generally, they are as nothing compared to the increases the Housing Coalition's research reveal for high turnover properties. For properties that were held less than 1 year before sale in 1977 the annual rate of price appreciation is 115%. For speculative properties held up to 2 years before sale the annual rate is over 64%. See Table 3. We can see from this that speculative properties are busting housing prices generally, as speculators are drawn in to out bid ordinary homeowners in an attempt to reap the super profits that these rates of appreciation mean.

#### The Surge in Transactions

The speculative surge in transaction activity can be seen graphically in Chart 1 and Table 4. These indices of real estate transaction activity are commonly used to reveal market trends. Not all deeds recorded represent actual sales, but the ratio between real sales and the total are assumed to be stable. There is no demographic or economic explanation for the sudden surge of activity in 1976 and 77. There was no population or building boom. Other Bay Area Counties did not experience this churning of the market.

Most interestingly, this big jump in Recorded Deeds corresponds to a big jump in prices. See Chart 1. A closer examination of the pattern of property turnover in the city Table 6 shows that 1977 was not only a peak year in transactions (see Table 4 again) but also that it was a peak year for a very special kind of transaction. According to our sample 17% of sales were of properties held one year or less, and 55% of the residential sales were of properties that were held less than five years. But Table 6 tells us that this pattern is fairly new.

Back in 1972 a significantly lower percentage of sales were of fast turnover properties. In part, the surge in 1977 is the result of an acceleration of rapid buying and selling.

But, is speculation really good for us?

An argument advanced to oppose the Housing Coalition's anti-speculation ordinance is that "investors" and not speculators are responsible for the rapid turnover in residential property now being experienced in San Francisco. These "investors" buy a piece of property, the argument goes, make substantial improvements and then sell for a just profit. This development by the private sector, far from being a problem, is a benefit that the City should encourage. Thus our opponents conclude that our anti-speculation ordinance is yet another example of "government interference which will in fact "stagnate land development".

In order to analyze this argument the Housing Coalition took a random selection of the 1977 transactions sample used in Table 5. 69 properties compose this sub-sample. These properties were then checked with the records of the Bureau of Building Inspection to determine if any building permits had been issued for these addresses. This would certainly be the case if substantial rehabilitation was occurring as our critics argue it must.

As Table 7 shows, only 14 of the properties in the sub-sample (20%) had any permits issued. Of that 14, 7 of the permits (50%) were issued on buildings held two or more years and 5 or 38% were on building held for over 5 years. It seems that rehabilitation on any scale is not taking place. Moreover, the average value of the permit in our sub-sample was \$2507 (with one issued for a high of \$10,000 and one for a low of \$625) a sum hardly associated with substantial rehab of buildings reaping very large and quick returns to the investor.

#### Turnover and over

Less than 10% of the approximately 140,00 structures in the city come up for sale each year. Table 9 shows that only a fraction (one-third) of the total housing stock is involved in anything like speculation. In fact it is really only 19 % or so of the total that shows much real activity. But it is from this group that the really high velocity flippers are often drawn. Table 10 does show us, however that this fraction represents a larger proportion of the units, as opposed to structures in the city. An examination of this data can reveal how a relatively small number of speculators can effect the entire citywide market.

Over 11,000 sales were listed for San Francisco by the Realdex corporation in 1977. This would mean approximately 6,000 high turnover properties (5 years or less between sales).

This means further that the effect of speculation directly impacts tens or hundreds of thousands living in or near those structures.

### The Tax

Table 11 details a hypothetical situation where the proposed anti-speculation tax has been used in a situation similar to that prevailing in 1977. The higher the rates the more effective the tax will be. Assuming 1977 or similar situations, financially the tax should be effective.

### The Future

In 1977 the Real Estate Research Council said in its bulletin: "Present trends in the cost of both existing and new housing cannot continue indefinitely. It is particularly disturbing to recognize that the Northern California spiralling pattern is far in excess of trends in all other metropolitan areas of the nation except for Los Angeles where similar trends exist." But the housing situation remains about the same following the incredible speculative orgy of 1977. In spite of increasing interest rates, grassroots interest in curbing speculation and fear of a crash, the market remains on a high plateau. It shows no signs of returning to the "normal" days of say 1973 or 1974-even. If present trends continue, then the future is clear: San Francisco will become a city for the rich and the near rich. All others will have to leave or in staying pay more and more for less and less housing.

### Thanks

The Research summarized here represents the collective effort of many individuals and groups in the Housing Coalition. Since there was no money for this effort the effort had to rely solely on volunteers. Special thanks should go to all members of the Coalition and to Planners Network, Peoples Law School, SF Tenants, San Francisco Information Clearinghouse, and students from SF State University. Public Interest Economics West worked with us in the establishment of the data base.

CHART 1

COMPARISON OF INFLATION, HOUSING PRICES AND TRANSACTIONS

INFLATION INDEX (1967=100)

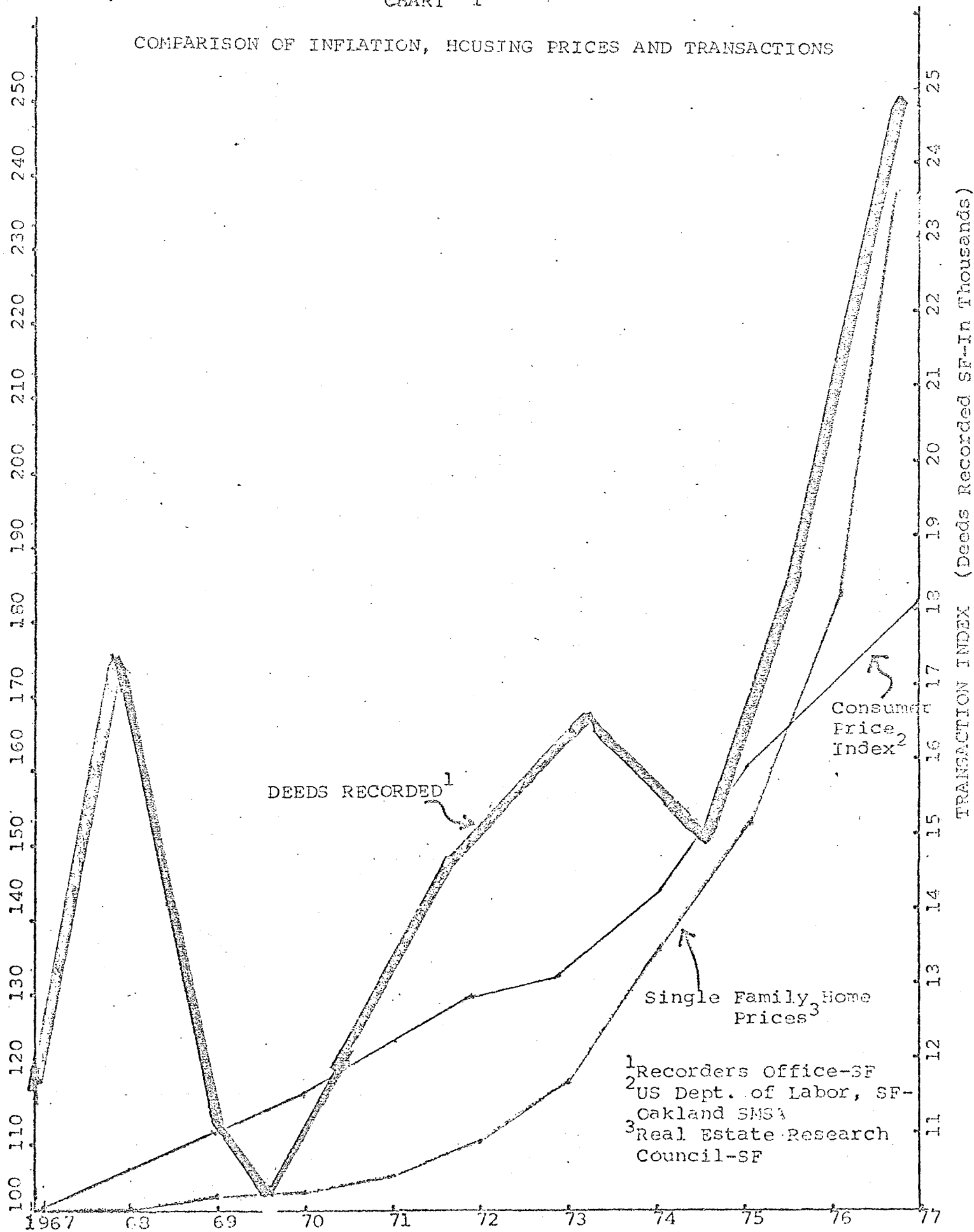


TABLE 1

## INFLATION IN THE SF HOUSING MARKET

SF MARKET TREND INDEX<sup>1</sup> 1967=100  
(Single Family Housing)

<u>Year</u>	<u>Month.</u>	<u>Overall Index</u>	<u>Oct. to Oct. Percent Change</u>
1967	Apr.	100.0	
	Oct.	99.5	—
68	Apr.	99.5	
	Oct.	101.6	2.1
69	Apr.	101.6	
	Oct.	101.7	0.1
70	Apr.	102.0	
	Oct.	102.6	0.9
71	Apr.	104.5	
	Oct.	106.8	4.1
72	Apr.	109.8	
	Oct.	112.2	4.9
73	Apr.	115.2	
	Oct.	121.2	8.0
74	Apr.	133.9	
	Oct.	145.1	18.9
75	Apr.	153.6	
	Oct.	169.8	16.4
76	Apr.	182.4	
	Oct.	202.6	18.5
77	Apr.	236.8	
	Oct.	263.8	28.3

<sup>1</sup> Real Estate Research Council

TABLE 2

## INDICIES OF INFLATION

		1967=100		
United States CPI <sup>1</sup> (All Items)		San Francisco-Oakland Standard Metropolitan Statistical Area CPI <sup>1</sup> (All Items)	Rent	Homeownership <sup>2</sup>
1967	100	100	100	100
68	104.2	104.5	105.2	105.7
69	109.8	110.2	111.3	116.0
70	116.3	115.8	119.3	128.5
71	121.3	120.1	125.4	133.7
72	125.3	124.3	129.1	140.1
73	133.1	131.5	137.2	146.7
74	147.7	144.4	138.7	163.2
75	161.2	159.1	144.8	181.7
76	170.5	168.0	153.3	191.7
77	181.5	180.0	163.8	210.8

<sup>1</sup>Source: Consumer Price Index, US Dept. of Labor, includes food and clothing as well as shelter inflation.

<sup>2</sup>Includes other costs of homeowner--besides price of new housing.

TABLE 3

INFLATION IN SELLING PRICES HIGH TURNOVER PROPERTIES SF 1977<sup>1</sup>

Months held before sale	Average increase in Price	Average time held	Average increase	
			per month	yearly
0 to 12	64%	6.6 months	9.6%	115%
13 to 24	94.7%	17.5	5.4%	64.8%

---

<sup>1</sup>Based on random sample of 1977 transactions, see Table 5, includes all properties in category with complete price information.

TABLE 4

INDICIES OF REAL ESTATE TRANSACTION ACTIVITY<sup>1</sup>  
IN SAN FRANCISCO

Calendar Year	Deeds Recorded <sup>2</sup>	%Change (from previous year)		
1962	17,048			
63	19,924	+16.87%		
64	18,855	-5.36		
65	17,038	-9.6		
66	12,774	-25.00		
67	11,558	-9.00		
68	17,498	+51.00		
69	11,387	-34.00		
Fiscal Year			Deeds of Trust & Mortgages <sup>3</sup>	%Change
1969-70	10,342		9,038	
70-71	11,940	+15.45	11,917	+31.8
71-72	14,087	+17.98	14,513	+21.2
72-73	15,893	+12.82	16,199	+11.6
73-74	16,491	+3.76	16,323	+0.76
74-75	14,885	-9.73	14,672	-10.1
75-76	18,544	+24.58	19,734	+34.5
76-77	24,703	+33.21	27,072	+37.1

<sup>1</sup>These indices do not correspond exactly to actual transactions but are useful in giving information of trends in transactions including speculation over time.

<sup>2</sup>Source: Security Pacific, SF Recorders Office.

<sup>3</sup>Source: Security Pacific.



TABLE 5

HOLDING TIME BEFORE SALE<sup>1</sup> RESIDENTIAL<sup>2</sup> PROPERTIES SOLD IN 1977 SF

<u>Holding time</u>	<u>Percentage of All Properties Sold</u>
0-1 year	17%
1-2 years	13%
2-3 years	10%
3-4 years	10%
4-5 years	5%
<hr/>	
Total Held Less Than 5 Years Before Sale	55%
Total Held More Than 5 Years Before Sale	45%

<sup>1</sup>Based on random sample of 481 properties recorded as having sold during calendar year 1977 in Realdex current transactions service. ("Gold Sheets").

<sup>2</sup>Includes multi-family, single family, and commercial/residential; totaling 77% of sample; excludes vacant lots, industrial, commercial, and other properties not identified as residential.

TABLE 6

## CHANGES IN HOLDING TIME BEFORE SALE 1972-77 SF

	Residential Properties Sold During:		
	1977 <sup>1</sup>	1974-76 <sup>2</sup>	1972-73 <sup>2</sup>
Held <u>Less</u> than 5 Years	55%	46%	40%
Held <u>More</u> than 5 Years	45%	54%	60%

<sup>1</sup>Based on random sample of 1977 transactions, see Table 5, Above.

<sup>2</sup>Based on random sample of all residential properties, see Table 9, below.

TABLE 7

REHABILITATION OF RAPID TURNOVER PROPERTIES SF 1977<sup>1</sup>

<u>Holding Time Before Sale</u>	<u>No. Of Properties</u> %		<u>Issued Permit</u>	
	No.	%	No.	%
0-1 year	25	36%	2	8%
1-2 years	19	28	5	26
2-3	8	12	2	25
3-4	3	4	0	0
4-5	3	4	0	0
5+	<u>11</u>	<u>16</u>	5	45
	69	100%		

Total No. of Properties Examined: 69 100%

Properties with Permit Issued: 14 20%

Properties without Permit: 53 77%

Other, no data 2 3%

<sup>1</sup>1977 transactions sample(see Table 5 ); Bureau of Bldg. Inspection.

TABLE 8

<u>Holding Time Before Sale</u> <sup>1</sup>	Aver. Permit Value	Aver. Profit
0-1 year	\$3500	\$57,000
1-2 years	2995	45,000
2-3	1650	37,250
3-4	ND	0
4-5	ND	
5+	1950	59,300

Average Permit Value: \$2507 (High 10,00--Low 625)

Average Profit-Holder: 51,035

Average Profit non-permit Holder: 32,011

<sup>1</sup>Source: see Table 5 .

TABLE 9

TURNOVER RATES<sup>1</sup> ALL RESIDENTIAL<sup>2</sup> PROPERTIES SFRecorded as Having Been Sold:<sup>3</sup>

<u>Only Before</u> 1970	67%
Sold Once 1970 to 77	14%
Sold <u>Two</u> or <u>More</u> Times 70-77	<u>19%</u>
	100%

<sup>1</sup> Based on a random sample of 393 from all residential properties information from Realdex, Sales Ledger-Assessor's Office, Deeds-Recorder's Office.

<sup>2</sup> Includes single and multi-family residential properties, commercial/residential; excludes industrial, commercial and vacant, etc.

<sup>3</sup> Does not include all transactions, but only (taxable) sales.

TABLE 10

HIGHER TURNOVER PROPERTY BY TYPE OF STURCTURE<sup>1</sup>

	% in High Turnover Group	% in City
Single family	51%	72%
Two-family	22%	14%
Multi-family	22%	13%
Other, no data	5%	

<sup>1</sup> Source: Properties that sold two or more times 1970 to 77, from random sample of all residential properties citywide, see Table 9 above.

TABLE 11  
EFFECT OF ANTI-SPECULATION TAX<sup>1</sup>

<u>Rate</u>	<u>Holding time</u>	<u># of OBS.</u>	<u># Sold</u>	<u># Held</u>	<u>% Held</u>	<u>Revenue</u>
80	0 - 12	31	7	24	77.4	283.6
60	13 - 24	29	13	16	55.1	405.6
30	25 - 36	20	14	6	30	195.75
15	37 - 48	17	13	4	23	92.23
N/A	49 - 60	N/A	N/A	N/A	N/A	N/A

<sup>1</sup> Based on random sample of 1977 transactions and analysis from Public Interest Economics West; they estimate total revenue under these assumptions to be 17 to 24 million. Property is sold if yield after tax is 15% or greater.

Mr. Craig

FILE NO. 120-78-1

ORDINANCE NO.

PROVIDING FOR A DISINCENTIVE TO SHORT-TERM SPECULATION ON  
RESIDENTIAL PROPERTY AND FOR THE RAISING OF ADDITIONAL REVENUE  
BY IMPOSING A DOCUMENTARY STAMP TAX ON THE SALE OF REAL PROPERTY.

Whereas, there exists in San Francisco a situation in which short-term speculation in the housing market is artificially inflating the cost of homeownership and rental units beyond the financial reach of lower- and middle-income households, the goal of the Documentary Stamp Tax is to tax, on a progressively scaled and graduated basis, the transfer of residential property bought and sold within five years unless a hardship exists. Funds generated from the tax shall accrue to the Municipal General Fund.

Section 1. Short Title. This ordinance shall be known as the "Real Property Transfer Tax Ordinance." It is adopted pursuant to the authority contained in Part 6.7 (commencing with Section 11901) of Division 2 and Taxation Code of the State of California.

Section 2. Tax Imposed. There is hereby imposed on each deed, instrument or writing by which any lands, tenements, or other realty sold within the City and County of San Francisco shall be granted, assigned, transferred or otherwise conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his or their direction, when the full actual consideration or the value of the interest or property conveyed (in-

clusive of the value of any lien or encumbrances remaining thereon at the time of sale) exceeds one-hundred dollars (\$100), a tax, as hereinafter described:

(a) On residential property, as defined in the Municipal Building Code, Article IV, Subsections 402.1.16, 402.4.23, and 402.12.15, and on any other property in which one or more floors are used for or intended for use as a residence as defined herein, the tax shall be .5% of the full actual consideration for which the property is now being sold. In addition, whenever the pre-

vious purchase price is smaller than the present selling price, the tax shall be:

(1) an amount equal to 80% of the difference between the full actual consideration for which the property was previously purchased and the full actual consideration for which the property is now being sold, whenever the present sale occurs within one year of the previous purchase;

(2) an amount equal to 60% of the difference between the full actual consideration for which the property was previously purchased and the full actual consideration for which the property is now being sold, whenever the present sale occurs more than one year but within two years of the previous purchase;

(3) an amount equal to 30% of the difference between the full actual consideration for which the property was previously purchased and the full actual consideration for which the property is now being sold, whenever the present sale occurs more than two years but within four years of the previous purchase;

(4) an amount equal to 15% of the difference between the full actual consideration for which the property was previously purchased and the full actual consideration for which the property is now being sold, whenever the present sale occurs more than four years but within five years of the previous purchase.

(b) On Commercial and industrial property, the tax shall be .5% of the full actual consideration for which the property is now being sold.

Section 3. Payment of Tax. Any tax imposed pursuant to Section 2 hereof shall be paid by any person who makes, signs, or issues any document or instrument subject to the tax, or for whose use or benefit the same is made, signed, or issued; more specifi-

1 cally, said tax shall be paid by the seller of the property or  
2 interest conveyed, the recording instrument of which shall be  
3 subject to this tax.

4  
5  
6  
7 Section 4. Exemptions. The following exemptions to the tax  
8 imposed pursuant to this ordinance are hereby established:

9 (a) The United States or any agency or instrumentality  
10 thereof, any state or territory, or political subdivision thereof,  
11 or the District of Columbia shall not be liable for any tax im-  
12 posed pursuant to this ordinance with respect to any deed, instru-  
13 ment or writing to which it is a party, but the tax may be col-  
14 lected by assessment from any other party liable therefor;

15 (b) Any sale of property which occurs on or after the sixty-  
16 second birthday of the seller, which is the principal residence of the seller,  
17 and which consists of 3 units or less, shall be taxed at .5% of the full  
18 actual consideration for which the property is now being sold.

19 (c) The sale of residential property which was acquired by  
20 the seller as unimproved residential property devoid of any resi-  
21 dential structures, notwithstanding the fact that the property  
22 be defined residential, shall be  
23 taxed at .5% of the full actual consideration for which the  
24 property is now being sold, whether the property has been improved  
25 by the seller or not.

26 Section 5. Permissible Deductions. (a) Deductions may be  
27 made only from that portion of the tax assessed upon the dif-  
28 ference between the full actual consideration for which residen-  
29 tial property was previously purchased and the full actual con-  
30 sideration for which the property is now being sold. Permissible  
31 deductions are limited to the following, provided that receipts  
32 are presented for all work claimed:

1 (1) The cost of all improvements made to the subject  
2 property, provided that they were made pursuant to a permit  
3 duly issued, and were required by applicable Codes of the  
4 City and County of San Francisco;

5 (2) The cost of all work which relates to the improve-  
6 ment of building insulation on the real property subject to  
7 the tax, and the cost of all work which relates to and in-  
8 cludes the installation of energy and/or utility systems on  
9 the subject real property which serve as an alternative or a  
10 complement to utilities delivered by private sources, and  
11 which have been installed as integral parts of the utility  
12 system of that subject property;

13 (b) Whenever a deduction is claimed under this Section for  
14 residential rental property, the person claiming the deduction  
15 must demonstrate that any increase in rent which may have occurred  
16 during his or her ownership of the property has not already com-  
17 pensated for the costs of improvement.

18 Section 6. Exceptions. Any tax imposed pursuant to this  
19 ordinance shall not apply to the making, delivering or filing of  
20 conveyances to make effective any plan of reorganization or ad-  
21 justment:

22 (a) Confirmed under the Federal Bankruptcy Act, as amended;

23 (b) Approved in an equity receivership proceeding in a court  
24 involving a railroad corporation, as defined in subdivision (m) of  
25 Section 205 of Title 11 of the United States Code, as amended;

26 (c) Approved in an equity receivership proceeding in a court  
27 involving a corporation, as defined in subdivision (3) of Section  
28 506 of Title 11 of the United States Code, as amended; or

29 (d) Whereby a mere change in identity, form, or place of  
30 organization is effected.

31 Subdivisions (a) to (d), inclusive, of this section shall  
32 only apply if the making, delivery or filing of instruments of

transfer or conveyances occurs within five years from the date of such confirmation, approval or change.

Section 7. Orders of the Securities and Exchange Commission.

Any tax imposed pursuant to this ordinance shall not apply to the making or delivery of conveyances to make effective any order of the Securities and Exchange Commission, as defined in subdivision (a) of Section 1083 of the Internal Revenue Code of 1954; but only if

(a) The order of the Securities and Exchange Commission in obedience to which such conveyance is made recites that such conveyance is necessary or appropriate to effectuate the provisions of Section 79K of Title 15 of the United States Code, relating to the Public Utility Holding Company Act of 1935;

(b) Such order specifies the property which is ordered to be conveyed;

(c) Such conveyance is made in obedience to such order.

Section 8. Application to Partnerships. (a) In the case of any realty held by a partnership, no levy shall be imposed pursuant to this ordinance by reason of any transfer of an interest in a partnership or otherwise, if

(1) Such partnership for another partnership is considered a continuing partnership within the meaning of Section 708 of the Internal Revenue Code of 1954; and

(2) Such continuing partnership continues to hold the realty concerned.

(b) If there is a termination of any partnership within the meaning of Section 708 of the Internal Revenue Code of 1954, for purposes of this ordinance, such partnership shall be treated as having executed an instrument whereby there was conveyed, for fair market value (inclusive of the value of any lien or encumbrance remaining thereon), all realty held by such partnership at the time of such termination.

Section 9. Documentary Stamps and Disposition of Proceeds

Therefrom. (a) The county recorder shall purchase from the State Board of Equalization adhesive stamps in suitable denominations to be affixed to the deeds, instruments, and writings subject to the tax pursuant to this ordinance. Any person may purchase adhesive stamps from the county recorder. The county recorder shall deposit the proceeds from the sale of stamps in the county treasury within the time and in the manner prescribed by the law.

(b) The county recorder shall repurchase any unused adhesive stamps sold to him pursuant to this ordinance. As used in this ordinance, "adhesive stamps" means any indicia of the tax imposed pursuant to this ordinance which is authorized and furnished by the State Board of Equalization.

Section 10. Administration by County Recorder. The county recorder shall administer this ordinance. On or before the fifteenth day of the month the recorder shall report to the county auditor the amounts of taxes represented by stamps affixed to documents recorded during the preceding month pursuant to this ordinance.

1       Section 11. Recordation. The recorder shall not record any  
2 deed, instrument, or writing subject to the tax imposed by this  
3 ordinance unless the stamps described in Section 10 are affixed  
4 thereto having a face value equal to the total amount of the tax  
5 due under this ordinance. If the party submitting the document  
6 for recordation so requests, stamps having face value equal to  
7 the total amount of tax due under this ordinance may be deposited  
8 with the recorder and shall be affixed to the document by the  
9 recorder after the permanent record is made and before the original  
10 is returned as specified in Section 27321 of the Government  
11 Code.

12       Every document subject to tax hereunder which is submitted  
13 for recordation shall show on the face of the document or in a  
14 separate document the amount of taxes due under this ordinance  
15 and the recorder may rely thereon.

16       Every document subject to tax hereunder which is submitted  
17 for recordation shall show on the face of the document, or in a  
18 separate document, the location of the lands, tenements, or other  
19 realty described in the document.

20       Section 12. Cancellation of Stamps. The recorder shall  
21 cancel the stamps affixed to any document by printing or stamping  
22 thereon the date of affixation or recordation.

23       Section 13. Claims for Refunds. Claims for refunds of  
24 taxes imposed pursuant to this ordinance shall be governed by the  
25 provisions of Chapter 5 (commencing with Section 5096) of Part 9  
26 of Division 1 of the Revenue and Taxation Code of the State of  
27 California.

28       Section 14. Administration, Interpretation, and Implementation.  
29 In the administration of this ordinance the recorder shall interpret  
30 its provisions consistently with those Documentary Stamp Tax  
31 Regulations adopted by the Internal Revenue Service of the United  
32 States Treasury Department which relate to the Tax on Conveyances

1 and identified as Sections 47.4361-1, 47.4361-2 and 47.4362-1 of  
2 Part 47 of Title 26 of the Code of Federal Regulations, as the  
3 same existed on November 8, 1967 except that for the purposes of  
4 this ordinance, the determination of what constitutes "realty"  
5 shall be determined by the definition or scope of that term under  
6 state law.

7       When the county recorder has made a determination as to the  
8 amount of Documentary Stamps to affix to any deed, instrument, or  
9 writing subject to the tax pursuant to this ordinance, he or she  
10 shall make available to the person or persons purchasing said  
11 stamps a copy of the entire ordinance which establishes the Real  
12 Property Transfer Tax, with specific reference being made to the  
13 method of Appeals, as hereinafter set out:

14       (a) In order to adjudicate any appeals arising out of the  
15 amount of any tax imposed pursuant to this ordinance, there is  
16 hereby established a Real Property Transfer Tax Appeals Board.  
17 Each San Francisco District Supervisor shall appoint one person to  
18 sit on the Board. Each person so appointed shall be a resident  
19 of the district of Supervisor making the appointment. The appointments  
20 to the Board which are made by Supervisors from odd-numbered  
21 supervisorial districts shall be for a term of one year, where-  
22 upon the term of office for those positions shall become two  
23 years. The appointments to the Board which are made by Supervisors  
24 from even-numbered supervisorial districts shall be for a  
25 term of two years. Each person appointed to sit on the Board  
26 shall serve for a single term. There shall be no re-appointments,  
27 except that the initial appointees from the odd-numbered supervisorial  
28 districts may be re-appointed upon expiration of their  
29 one-year term for one additional two-year term. The Board will  
30 meet once a week, establish its own chair and operating procedures,  
31 and will select a staff which will not exceed two (2) persons  
32 selected from the Civil Service pool, subject to Civil Service



1 regulations. Each member of the Board will be paid \$25 for each  
2 meeting that he or she attends, with a maximum monthly ceiling of  
3 \$125 per Board member. The Board will be subject to any guide-  
4 lines and regulations developed by the Board of Supervisors.  
5 There will be no higher appeals board than the one hereby estab-  
6 lished; this provision in no way restricts the right of judicial  
7 review.

8 (b) Any person who purchases Documentary Stamps pursuant  
9 to this ordinance, and any Appeals Board member or District Supervisor, who  
10 has reason to believe that the county recorder erred in his or her deter-  
11 mination as to the amount of said stamps to affix to the subject deed, sub-  
12 ject to the tax pursuant to this ordinance may file an appeal.

13 (c) The Real Property Transfer Tax Appeals Board is also  
14 authorized to hear appeals from that portion of the tax assessed  
15 upon the difference between the full actual consideration for  
16 which the property was previously purchased and the full actual  
17 consideration for which the property is now being sold when its  
18 imposition would cause a hardship. Hardship relief available  
19 under this subsection is limited to property which is the prin-  
20 cipal residence of the seller and which consists of 3 units or less. The  
21 following circumstances form the bases for a hardship appeal:

22 (1) Sale of the property is necessitated by a change  
23 in the number of persons inhabiting it;

24 (2) Sale of the property is necessitated by a loss of  
25 income or increase in expenses which are beyond the control  
26 of the seller, or by a change in the seller's marital status;

27 (3) Sale of the property is necessitated by the dis-  
28 solution of the members of cooperatively-owned property;

29 (4) Sale of the property is necessitated by a job  
30 transfer of the seller to a location outside San Francisco;

31 (5) Any other similarly compelling circumstances.

32 (d) It shall be the responsibility of the Real Property

1 Transfer Tax Appeals Board to provide to the Board of Supervisors  
2 semi-annual reports which will review the activities of the Appeals  
3 Board and will provide a statistical breakdown as to yield of the  
4 tax, types and amounts of deductions granted, types and amounts of  
5 hardship relief granted, and any other information pertinent to  
6 the operations of the Appeals Board.

7 Section 15. Deficiency Determination. Whenever the county  
8 recorder has reason to believe that the full amount of the tax  
9 due under this ordinance has not been paid, he or she may, by  
0 notice served upon any person liable therefor, require him or her  
1 to furnish a true copy of the records relevant to the amount of  
2 the consideration or value of the interest or property conveyed.

3 Section 16. Penalty. Any person or person who makes, signs,  
4 issues or accepts or causes to be made, signed, issued or accepted  
5 and who submits or causes to be submitted for recordation any  
6 deed, instrument or writing subject to the tax imposed by this  
7 ordinance and makes any material misrepresentation of fact for the  
8 purpose of avoiding all or any part of the tax imposed by this  
9 ordinance shall be guilty of a misdemeanor.

10 No person or persons shall be liable, either civilly or  
11 criminally, for any unintentional error made in designating the  
12 location of the lands, tenements, or other realty described in  
13 a document subject to the tax imposed by this ordinance.

14 Section 17. Effective Date. This ordinance shall become  
15 operative at 12:01 A.M. on \_\_\_\_\_, 1978.

16  
17  
18  
19 APPROVED AS TO FORM

20 GEORGE AGNOST  
21 City Attorney

22 By \_\_\_\_\_  
Deputy City Attorney -10-

SPEAKERS

For

Randy Stones, SF Housing Coalition  
Carl Sandine (individual)  
Walter Park, Duboce Triangle Assoc.  
Jean Hamer, Bernal Hts.  
Robert Olswang  
Mark Freeman, Housing Rts. Assn.  
Jim Rivaldo, HA/Fillmore Neighborhood  
Assoc.  
Paul \_\_\_\_\_, Gay Theater Group  
Chip Bowen, West. Add. Neighborhood  
Assoc.  
Anne Choy, Chinese Coalition for  
Better Housing  
Charlotte Prose, Woman's \_\_\_\_\_  
Elmer Black (?), Realtor  
Jim Kearney (individual)

Against

Alan Chase (realtor)  
P. Lee, Chinese Property  
Owners Assoc.  
James C. Fabris, SF Board  
of Realtors  
Bob B \_\_\_\_\_, Bernal Hts  
Wm. Gr \_\_\_\_\_ (individual)  
Clarence Stern, Realtor  
Louie Harper, Pyramid Realty  
(Friends of Noe Valley)  
Scott Burry, Realtor  
(Green & Kaufman)  
Edw. Lawson, Pres., Richmond  
District Council  
Paul Benning  
Allie Blumberger, Individual  
Ray Brown, Realtor

RECORD OF COMMITTEE NOTICES

COMMITTEE: \_\_\_\_\_ FILE NO. 120-78-1

MEETING PLACE: \_\_\_\_\_

SUBJECT:

DATE AND HOUR OF MEETING:

5/10/78 2 pm

DATE NOTICES MAILED:

5/4/78

NOTICES MAILED TO

Name

Address

Genl List

Spec: John Beck 1459 Church St., SF 94131

Richard R. Squibb, 2288 California St., 94115

Chris Calori, 2526 Van Ness, #5, SF 94109

(Separate notices sent by Supv. Milk)